

Corporate Overview and Scrutiny Committee

Supplementary Agenda

Date: Thursday, 28th January, 2021

Time: 10.00 am

Venue: Virtual Meeting

To support the consideration of Item 6: Medium Term Financial Strategy 2021-25 at the meeting of the Corporate Overview and Scrutiny Committee on 28 January 2021, attention is drawn to:

- The MTFS 2021-25 covering report
- Appendix A (recommendations to full Council on 17 February 2021)
- Appendix B (new Corporate Plan, including consultation feedback on the draft Corporate Plan at Annex 1)
- Appendix C (the Medium Term Financial Strategy 2021-25, including the consultation feedback on the draft budget at Annex 2)
- Appendix D (the summary of comments from each of the four overview and scrutiny committee meetings in January 2021)

In Appendix C, at pages 25-35, members will be able to view the list of Pre-Budget Consultation proposals which have been considered by the relevant OSCs and the proposed changes as a result of the feedback and financial changes since 1 December

6. **Medium Term Financial Strategy 2021-2025** (Pages 3 - 420)

To scrutinise the final proposed Medium Term Strategy 2021-25, including the council's Corporate Plan, budget, policy proposals and capital programme, providing feedback and comments for Cabinet to consider on 2 February 2021.

For any apologies or requests for further information, or to give notice of a question to be asked by a member of the public

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7. **Third Quarter Review (Finance) 2020/21** (Pages 421 - 516)

To consider the council's finance and performance position at the third quarter point of the 2020/21 financial year, and provide any comments and feedback to Cabinet on 2 February 2021.

Membership: Councillors Q Abel, C Bulman, JP Findlow, R Fletcher, M Hunter, A Moran, B Murphy (Vice-Chairman), J Saunders, M Simon, R Vernon, L Wardlaw and J Clowes (Chairman)



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Key Decision Y

Date First
Published: N/A

Cabinet

Date of Meeting: 2 February 2021

Report Title: Corporate Plan and Medium-Term Financial Strategy 2021-25

Portfolio Holders: Cllr Amanda Stott - Finance, ICT and Communication
Cllr Jill Rhodes – Public Health and Corporate Services

Senior Officers: Alex Thompson – Director of Finance and Customer Services
(Section 151 Officer)
Jane Burns – Executive Director for Corporate Services

1. Report Summary

- 1.1. This report presents the Corporate Plan and Medium Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2021/22 to 2024/25.
- 1.2. Cheshire East Council provides in the region of 500 local services every day. During the year we drafted and consulted on a new Corporate Plan to articulate a vision of how these services will make Cheshire East an Open, Fairer and Greener borough. The MTFS matches forecast resources to the costs associated with achieving the Council's vision.
- 1.3. 2020/21 was an extraordinary and unprecedented year as the Council responded to the impact of COVID-19. The response by the Council, to this global pandemic, has affected all services. The financial impact has also been severe for the public sector finances. Working with Central Government and Local Government networks the Council has worked to minimise the local financial impact on the Council. Costs and reductions in income during 2020/21 are described in the Third Quarter Review. The MTFS reflects that further government funding is due in 2021/22, and ensures that any COVID-19 related funding will be spent on managing the response to, and recovery from, the pandemic. There is an underlying risk that costs and income losses could exceed grant funding, but this position is being monitored and is subject to regular reporting to members.

- 1.4. Cheshire East is the third largest council in the Northwest of England, providing services for a population of over 384,000 local people. Following extensive consultation the proposed revenue budget for 2021/22 proposes net revenue spending of £311.1m, and total capital investment aspirations of £371m is identified over the next four financial years. The individual status of schemes within the capital programme is summarised within **Appendix C, Annex 11**.
- 1.5. The provisional announcements from government on 17th December 2020 confirmed that local government Revenue Support Grant funding to Cheshire East Council will continue to be nil in 2021/22 with no confirmation yet for future funding levels. Central Government's approach continues to rely on local tax raising powers to fund services and this has been supported by continuing to allow flexibility in the council tax charge up to the referendum limit of 2% with an additional 3% allowable to be ringfenced specifically for Adult Social Care costs. This report is based on the Provisional Settlement, which therefore still requires parliamentary approval.
- 1.6. To support the net revenue and capital spending requirements the Council is therefore proposing that Council Tax is increased by 4.99% for 2021/22 to give a Band D charge of £1,579.03 for 2021/22. This equates to a £1 increase per week for an average property.
- 1.7. The Medium Term Financial Strategy 2021/22 to 2024/25 includes an assumption that the Council Tax could also increase by a further 1.99% each year in the medium term. These planning forecasts may be subject to change when Council is asked to set the annual budget in February each year. Changes may reflect underlying inflationary pressures affecting the Council at the time budget forecasts are prepared and future Government announcements on funding for local government.
- 1.8. The Medium Term Financial Strategy contains the following headline changes for the 2021/22 financial year, compared to the approved budget for 2020/21:
- Overall net revenue spending on services is being increased by £10.1m in 2021/22 split as follows:

People	+ £6.9m
Place	- £0.4m
Corporate	+ £2.0m
Central	+ £1.6m
 - Central Government unringfenced grants will decrease by £2.4m overall.
 - Funding for essential local services will require a proposed Council Tax increase of 4.99% from £1,503.98 to £1,579.03 for a Band D property.
 - £177m is estimated to be spent over the next four years on improving our highways network.
 - General Reserves will remain at £10.3m

- 1.9. The Medium Term Financial Strategy has been developed following months of analysis and consultation. The strategy responds to the challenges raised throughout this process to ensure the change proposals contained in this report are robust and provide an affordable budget for consideration.
- 1.10. Like most local authorities the Council faces significant budget deficits over the medium term, caused by ongoing grant reductions, and continuing increasing demand for services based on demographic changes, cost inflation and the growth in the local population.
- 1.11. This report summarises the resolutions that Cabinet are requested to recommend to Council at **Appendix A**.
- 1.12. This report provides the new Corporate Plan 2021/22 to 2024/25 (**Appendix B**).
- 1.13. The Corporate Plan is a key strategic document for the Council, setting the vision and objectives for the whole organisation. It is a vital part of the Council's performance management framework and how the Medium Term Financial Strategy is delivered.
- 1.14. The draft 2021-2025 Cheshire East Council Corporate Plan has been developed by the Cabinet and was published for wider consultation and engagement between 1st October 2020 and 27th November 2020.
- 1.15. The Corporate Plan for 2021-2025 (**Appendix B**), promotes the following vision - **An Open, Fairer, Greener Cheshire East**.
- 1.16. It also proposes that, during the next four years, the Council is focused on the following three main priority areas:
 - Open** - We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East.
 - Fair** - We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents.
 - Green** - We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development.
- 1.17. This report also provides the Medium Term Financial Strategy (MTFS) Report (containing the Budget) for the period 2021/22 to 2024/25 at **Appendix C**.

- 1.18. The MTFS document is the result of the business planning process led by the Council from May 2020 to February 2021, which included regular input from the Council's Scrutiny Committees, concluding with a final review by the Corporate Overview and Scrutiny Committee on 28th January 2021. The MTFS Report is being submitted to Cabinet on 2nd February 2021 for recommendation to Council on 17th February for approval.

2. Recommendations

That Cabinet:

- 2.1. Recommend to Council the items at **Appendix A**.

Cabinet notes:

- 2.2. The summary results of the Budget Consultation and Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2a and 2b**).
- 2.3. The report of the Council's Section 151 Officer, contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Section 151 Officer**).
- 2.4. The Council's Finance Procedure Rules will always apply to ensure proper approval should any changes in spending requirements be identified (**Appendix C**).

3. Reasons for Recommendations

- 3.1. In approving the Corporate Plan and a balanced Medium Term Financial Strategy the Council is setting out a clear vision that is based on consultation and sound financial assumptions. The priorities are ambitious but achievable even taking in to account the impacts of COVID-19. The level of investment for key activities in this report is significant. It is difficult to predict how some services may have to change post-COVID-19. But the MTFS provides for Social Care services to be supported by annual revenue budget growth, in addition, Economic Development is supported through continuing investment in infrastructure and regeneration projects.
- 3.2. The Corporate Plan should be subject to Council approval to set the overall vision and priorities of the Council. A copy of the Corporate Plan is attached at **Appendix B**.
- 3.3. The Council's Budget (as contained in the MTFS Report) requires Council approval. A copy of the MTFS Report is attached at **Appendix C**.

- 3.4. In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet is requested to recommend this report to Council to approve the MTFFS Report for 2021-2025.
- 3.5. The Council's Section 151 Officer reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, he is satisfied with the robustness of the estimates making up the Council Tax Requirement of £242,848,656. This is based on a total 4.99% Band D increase, which includes a 3% precept ringfenced specifically for Adult Social Care services and he is satisfied with the adequacy of the financial reserves for the Council. The S.25 statement of the Council's s.151 Officer is included on Page 18 of **Appendix C**.
- 3.6. Further to the above statement it can be reported that the Medium Term Financial Strategy Report 2021/22 to 2024/25 (**Appendix C**) is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience and viability of the Council in the medium term.

4. Other Options Considered

- 4.1. The business planning process enables the Council to develop options, consider the best approach, produce business cases and share these options via the Pre-Budget Consultation 2021-2025.
- 4.2. The engagement process and feedback on the Pre-Budget Consultation plus funding announcements and on-going refinement, informs the set of proposals in this report.
- 4.3. There is no obligation for the Council to either produce a Corporate Plan or undertake a consultation exercise on it. However, it is good practice to do so. Openness is a key part of the Council's new vision.

5. Background

- 5.1. All councils are legally required to set a balanced budget each year. COVID-19 has created unprecedented circumstances and additional financial challenges which have had an impact on how the budget was developed. The Budget Setting Process 2021-2025 was developed and endorsed by the Cabinet and Corporate Leadership Team in May 2020.
- 5.2. This has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels.

- 5.3. There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council's financial position being taken to joint Corporate Leadership Team and Cabinet budget sessions throughout 2020. The Corporate Overview and Scrutiny Committee was briefed on the proposals with final consideration of the package of proposals presented to each Service Overview and Scrutiny Committee in January 2021 and the final Corporate Overview and Scrutiny Committee on 28th January 2021. Feedback from that meeting will follow.
- 5.4. The MTFS Report provides financial background as well as setting out further details of the on-going approach to funding the priorities set out in the new Corporate Plan. It highlights the spending plans and income targets for the financial year starting 1st April 2021, as well as forecast estimates up to the 2024/25 financial year.
- 5.5. The MTFS Report is based on the Provisional Local Government Finance Settlement for 2021/22. This was released on 17th December 2020. The final settlement is expected in early February 2021 with a debate by Members of Parliament in the House of Commons expected in mid February (after the publication date of this report to Cabinet) to agree the position. The Settlement included some changes to national policies which the Council has responded to.
- 5.6. The MTFS Report 2021-2025 is attached at **Appendix C**.
- 5.7. The MTFS Report continues to include estimated grant allocations in relation to several Specific Grants (**Annex 8**). These will be refined as appropriate in due course.
- 5.8. Any resulting impact of these issues in terms of changes to funding will be managed through General Reserves. Therefore, a balanced budget position will be maintained. Should there be any changes these will be notified to Members at the earliest opportunity.
- 5.9. Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 17th February 2021.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The Council should have robust processes so that it can meet statutory requirements and fulfil its fiduciary duty.

6.2. Finance Implications

- 6.2.1. Please see Sections 1 and 5 of this report.

6.2.2. The S.25 Statement of the S.151 Officer provides information on the process and professional judgement of the Budget 2021/22. This is provided on pages 18-20 of **Appendix C**.

6.3. Policy Implications

6.3.1. The report includes the new Corporate Plan which sets out the vision, ambitions and priorities for the council for the period 2021/22-2024/25. The MTFS report outlines policy and budget proposals which will impact on service delivery arrangements.

6.3.2. Corporate Plan will drive and inform Council policy and priorities for service delivery. The priorities and actions listed may have direct policy implications will be considered on a case by case basis.

6.4. Equality Implications

6.4.1. Under the Equality Act 2010, decision makers must show 'due regard' to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between those between those who share a protected characteristic and those who do not share it; and
- Foster good relations between those groups.

6.4.2. The protected characteristics are: age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.

6.4.3. Having "due regard" is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.

6.4.4. The Council needs to ensure that in taking decisions on the Medium Term Financial Strategy, the Budget and the Corporate Plan, the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.

6.4.5. The proposals with the MTFS include positive and negative impacts.

6.4.6. Positive impacts include investment in services for children and adults (protected characteristics primarily age and disability). Specific

examples are investments in Children and Families modernisation, Ofsted response, SEND, children's social care and care leavers. There is significant investment in adult social care, support to care providers and for supporting accommodation (protected characteristics primarily age and disability). There is a specific proposal for investment in a transit site (protected characteristic race).

6.4.7. There a number of savings proposals which could have a negative impact on those with protected characteristics and where appropriate mitigation will be required. These include reviews of Direct Payments, Day Opportunities, Mental Health Services, Learning Disabilities, Local Supported Buses and Parking Strategy. They will be subject to more detailed work and consultation before any decisions are made.

6.4.8. The new Corporate Plan's vision reinforces the Council's commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

6.5. Human Resources Implications

6.5.1. A number of the proposals will impact on staff. See Workforce Development Section (**Appendix C, Annex 4**).

6.6. Risk Management Implications

6.6.1. The steps outlined in this report mitigate the four main legal and financial risks to the Council's financial management arrangements:

- The Council must set a balanced Budget.
- Setting the Council Tax for 2021/22 must follow a compliant process.
- The Council should provide high quality evidence to support submissions for external assessment.
- That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

6.6.2. A risk assessment of the significant proposals being put forward has been carried out by each service and is included as part of the planning process.

6.6.3. It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk is

embedded within the organisation to ensure the Council can seize opportunities, introduce new, innovative models of service delivery, focus on improving outcomes for residents and review its range of services whilst identifying and controlling any resulting risks. The approach to risk management will continue to be assessed as the Council's plans and financial strategy are implemented.

6.7. Rural Communities Implications

6.7.1. The Corporate Plan, along with the 'Green' aim and supporting priorities will have direct and indirect implications for our rural communities across Cheshire East. These impacts will be considered and reported through individual work programmes as they are developed.

6.7.2. The MTFS report provides details of service provision across the borough. See **Section 1 of Appendix C**.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. The Corporate Plan, along with the 'Fair' aim and supporting priorities will have direct and indirect implications for children and young people and cared for children which will be considered individually and in line with the actions required. These impacts will be considered and reported through individual work programmes as they are developed.

6.8.2. See **Section 1 of Appendix C**.

6.9. Public Health Implications

6.9.1. The Corporate Plan, along with the 'Fair' aim and supporting priorities will have direct and indirect implications for public health which will be considered individually and in line with the actions required. These impacts will be considered and reported through individual work programmes as they are developed.

6.9.2. See **Section 1 of Appendix C**.

6.10. Climate Change Implications

6.10.1. The Corporate Plan has a very strong environmental thread throughout with a specific aim for the Council to be 'Greener'.

6.10.2. A number of priorities and activities are listed which will support the Council's commitment of being carbon neutral by 2025, including the delivery of an Environmental Strategy and a Carbon Action Plan.

6.10.3. Any climate change implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

7. Ward Members Affected

7.1. All wards and all members will be affected and impacted by the content of the MTFs and Corporate Plan

8. Consultation & Engagement

8.1. The business planning process involved engagement with local people and organisations and details of how this process was managed is included within **Appendix C, Annex 2**.

8.2. The detailed findings of the of the Corporate Plan consultation, attached at **Appendix B**.

8.2.1. With regards to the corporate plan an 8 week public consultation period was put in place from 1st October 2020 to 27th November 2020. During this time, residents, members and stakeholders were able to provide their views in a number of ways.

8.2.2. A dedicated engagement hub provided residents with information about the draft Corporate Plan and encouraged residents to submit comments, views and suggestions. The Council's social media accounts promoted the dedicated website and the engagement events, and also showed videos illustrating each of the proposed priorities.

8.2.3. The Council's Digital Influence Panel, Councillors, Town and Parish Councils, Public Service partner agencies, voluntary, community and faith sector stakeholders and Trade Unions were also invited to give their views. The Council also engaged with representative groups for young people, disabled people and older people in the community.

8.2.4. The feedback was positive, with the clear overall view in support of the Council's proposed vision and the three main priorities. In total, 627 people engaged with this process. The detailed findings of the consultaion can be found in **Appendix B**.

9. Access to Information

9.1. The following are links to key background documents:

[Outturn Report 2019/20](#)

[Medium Term Financial Strategy 2020-24](#)

[Mid Year Review \(Finance\) 2020/21](#)

[Pre Budget Consultation released 2nd December 2020](#)

[Council 16th December 2020: Domestic Taxbase Report](#)

[Third Quarter Review \(Finance\) 2020/21](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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Appendix A

Recommendations to Council from Cabinet - February 2021

That Council approve:

- 1 The Corporate Plan 2021-2025 (**Appendix B**)
- 2 The Revenue estimates for the 2021/22 budget and the medium-term Capital Programme estimates 2021-2025, as detailed in the Medium-Term Financial Strategy Report (MTFS) 2021-2025 (**Appendix C**).
- 3 Band D Council Tax of £1,579.03 representing an increase of 4.99%. This is below the referendum limit (including 3% ringfenced for Adult Social Care) and arises from the provisional finance settlement (**Appendix C, Section 2**).
- 4 The 2021/22 non ring-fenced Specific Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 8**).
- 5 The 2021/22 Capital Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 9**).
- 6 The relevant Portfolio Holder to agree the use of additional Specific Grants received in conjunction with the Portfolio Holder Finance, ICT and Communication as further updates to the 2021/22 funding position are received.
- 7 The Prudential Indicators for Capital Financing (**Appendix C, Annex 11**).
- 8 The Portfolio Holder for Children and Families to agree any necessary amendment to the 2021/22 Dedicated Schools Grant (DSG) of £245.3m and the associated policy proposals, in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2020/21 (**Appendix C, Annex 8**).
- 9 The Capital Strategy (**Appendix C, Annex 11**).
- 10 The Treasury Management Strategy (**Appendix C, Annex 12**).
- 11 The Investment Strategy; including the financial limits for various classifications of investment, and the investment decision making process set out in the Strategy (**Appendix C, Annex 13**)
- 12 The Reserves Strategy (**Appendix C, Annex 14**), which includes proposed movements to and from reserves, and to note the opening balance within the Collection Fund Earmarked Reserve includes a temporary £30m balance for Extended Retail Relief, to be used in full in 2021/22.

- 13 The amendment to Key Decisions as defined in the Constitution and the financial limits to be included within the Council's Finance Procedure Rules (**Appendix C, Annex 15**); and

That Council recognises that Cabinet has noted:

- 14 The results of the Corporate Plan Consultation (**Appendix B, Annex 1**).
- 15 The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2a**).
- 16 The results of the Budget Consultation (**Appendix C, Annex 2b**).
- 17 The Report of the Council's Section 151 Officer, contained within the MTFs Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Report from the Section 151 Officer**).

A summary of responses to Cheshire East Council's Corporate Plan Engagement



Our Vision An open, fairer, greener Cheshire East

Open

We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East

Fair

We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents

Green

We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development

Our Priorities

An open and enabling organisation

- Ensure that there is transparency in all aspects of council decision making
- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
- Support a sustainable financial future for the council, through service development, improvement and transformation

A council which empowers and cares about people

- Work together with residents and partners to support people and communities to be strong and resilient
- Reduce health inequalities across the borough
- Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
- Be the best Corporate Parents to our children in care
- Support all children to have the best start in life

A thriving and sustainable place

- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- Reduce impact on the environment

- Look at opportunities to bring more income into the borough
- Support and develop our workforce to be confident, motivated, innovative, resilient and empowered
- Promote and develop the services of the council through regular communication and engagement with all residents
- Increase opportunities for all children and young adults with additional needs
- Ensure all children have a high quality, enjoyable education that enables them to achieve their full potential
- Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services
- A transport network that is safe and promotes active travel
- Thriving urban and rural economies with opportunities for all
- Be a carbon neutral council by 2025

Our Values

We are flexible

We innovate

We take responsibility

We deliver the service that customers need

We use effective teamwork

Executive summary

Overall feedback

The Corporate Plan was well received

Overall, the Corporate Plan was well received by survey respondents:

- 71% of respondents felt the plan is good.
- 79% of respondents felt the vision is a good one for Cheshire East.

Much positive feedback about the newly drafted Corporate Plan was received, and this included that the vision, priorities and design are effective, ambitious and clear.

The plan has higher ratings from Councillors and employees than residents

Councillors (92%) and council employees (89%) were more likely to agree the Corporate Plan was good as compared to residents (66%).

Some negative feedback about the plan was received, mostly on social media – feedback here included that the engagement is a “box ticking exercise” and that council priorities do not seem to “match (those) of the electorate”.

What is the purpose of the plan?

There was feedback about the purpose of the plan:

- On the one hand, some felt such a plan is vital, as it shows the public where the council is heading and can be used to hold the council to account.
- On the other hand, others felt that such strategies tend to sit on the shelf, do not dictate the actions people take, and can become “wish lists”.

It was felt the council would not be able to achieve the aims on its own, that the plan should be co-produced and delivered through democracy and partnership.

Is the plan deliverable?

Whilst respondents rated the plan very highly, a lower proportion (41%) felt the plan is deliverable. Some felt the plan is too ambitious, particularly at a time of covid-19, and felt it needs more detail. To ensure deliverability respondents felt it needs:

- An officer to take overall accountability for the delivery of the plan.
- SMART performance indicators adding to it.
- Employees to take individual ownership of indicators.
- Public progress reporting of these indicators.
- To be continually updated and improved based on feedback.

- To be properly funded.

Feedback on the priorities

Throughout the feedback respondents made many comments and suggestions about how the plan could be improved – this is summarised in detail throughout this report.

Items missing from the plan

Respondents listed items which they felt were missing from the plan, including:

- Their team or role – Some staff struggled to see how the plan applied to their work, which caused some nervousness.
- Covid-19 – Some felt the plan needed more detail about how the council will deal with the ongoing pandemic.
- Financial detail – How will the plan be funded, what does the financial situation of the council look like.
- A glossary to explain terms such as Tartan rug, Corporate Parents and Carbon Neutral.
- Reference to some important services such as street cleaning.

Feedback on the Open priorities

There was concern the council might struggle to be “Open”, as the council traditionally has not been open on some issues e.g. planning. Others felt the council does not always engage in 2-way conversations. It may be that culture change within the organisation would be required to deliver this aim.

The priority “maximise commercial opportunities for the council” was lowest rated of all the priorities in this aim (67%) – respondents felt it did not belong within this aim, and were concerned about what it meant e.g. would Council Tax be going up?

Feedback on the Fair priorities

Some felt this aim focuses solely on children, with there being limited mention of Adult Social Care. Respondents felt some types of vulnerable resident needed more emphasis in the plan, with the biggest omission being victims of domestic abuse.

Some disliked the phrase “Corporate Parents” or were unsure what it meant.

Feedback on the Green priorities

Respondents echoed the importance of the “green agenda” and reiterated that they felt cultural change within the organisation would be needed to deliver it. They wondered how green values will be embedded within the organisation when the focus has been on saving money.

Comments were also made on the key issues of development (a key topic for residents across all council consultations), town cleanliness, policing and transport.

The priority “to be Carbon Neutral by 2025” was lowest rated of all the priorities in this aim (67%) – some respondents felt this was overly ambitious and were unsure what it meant.

Engagement success

For the first time the council created an Engagement Hub to promote this consultation, to make it more engaging and increase the number of responses received – this was a new way of consulting for the council.

The engagement received 627 responses in total, and had 482 video views, which is a very good level of response for this type of high-level strategy consultation. Respondents enjoyed engaging through the various mediums made available, and this ensured a wide ranging and rich response to the engagement.

Conclusions

The Corporate Plan was well received

This was a very successful engagement for 2 reasons:

- 1) Respondents rated the draft Corporate Plan very highly, which is extremely positive. There was much positive feedback for the first draft of the Corporate Plan, which can only stand the council in good stead for the future.
- 2) Large numbers of people got involved in the engagement and interacted in a wide variety of ways – the newly designed Engagement Hub was well received, which also stands the council in good stead for the future.

The purpose of the plan

There was debate about the purpose of the plan – will it be used to drive the future direction of the council and hold it to account through continuous improvement, or will it “sit on the shelf” and be used as a reference point.

Either way, the council can be confident that this current draft of the Corporate Plan sets the council in good stead.

Delivering the plan

If the council wants the plan to drive the future direction of the council, and to use it to hold the council to account through continuous improvement, significant time and resource will need to be invested in it to ensure it is successfully delivered.

To ensure it is successfully delivered the council will as a minimum need to:

- Continuously engage on the plan with staff and Councillors, most likely through 1-2-1 discussions.
- Continuously engage on the plan with residents, to ensure the plan reflects their priorities and to ensure they understand the purpose of it.
- Add SMART performance indicators to it, with Council Officers taking individual responsibility for the delivery of these.
- Publicly report on these performance indicators so stakeholders can monitor progress.

Updating the plan based on feedback

There are many performances measures that could be created from the feedback summarised within this report – very brief examples include:

Aim	Comment	Possible performance measure
Open	All council meetings should be open to the public.	% of all council meetings open to the public.
Fair	Social care services must listen more.	% of social care users that feel listened to.
Green	Stop “over developing”.	% satisfaction with development in CE.

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Report produced 13 January 2021 by Ben Buckley of the Research and Consultation Team, Cheshire East Council. Email RandC@cheshireeast.gov.uk for further information.

Introduction

Purpose of the Engagement

Between October and December 2020 Cheshire East Council invited stakeholders to get involved in an engagement on the council's newly drafted Corporate Plan for 2020 to 2024.

The newly drafted Corporate Plan is intended to act as the council's overarching strategy document, to set out the council's vision, aims and priorities for the next few years.

Feedback was sought on the plan, which would then be used to refine and edit the plan where necessary, before it could be formally adopted in 2021.

Engagement methodology

For the first time the council created an "Engagement Hub" on the council website to help promote this engagement.

The "Engagement Hub" incorporated [a short video from the council Leader, Deputy Leader, and Chief Executive to introduce the engagement](#).

It also gave respondents several different ways of feeding back on the engagement, including through a survey, a storyboard, email, social media, or through a comments board on the Engagement Hub itself.

The engagement was also widely promoted, most notably through:

- A number of online "Conversation With" events which stakeholders could join.
- [The council's Digital Influence Panel](#).
- [Media releases](#).

Number of responses

In total, there were 627 engagement responses, and 482 engagement video views. Responses included:

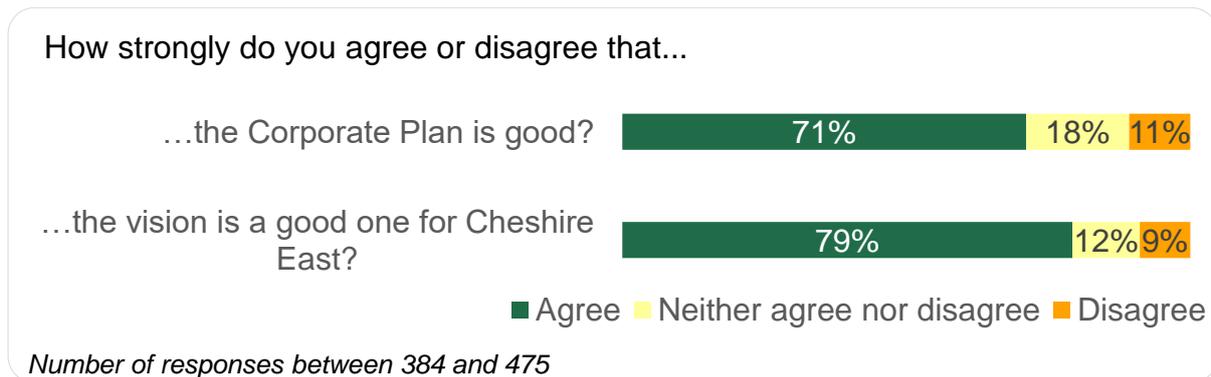
- 440 survey completions.
- 61 storyboard completions.
- 83 "Conversation With" event attendees.
- 32 direct emails or letters.
- 11 Engagement Hub comments.

Overall views on the Corporate Plan

The Corporate Plan was well received

Overall, the Corporate Plan was very well received by survey respondents:

- 71% of respondents felt the plan is good, and 11% disagreed
- 79% of respondents felt the vision is a good one for Cheshire East, and 9% disagreed.

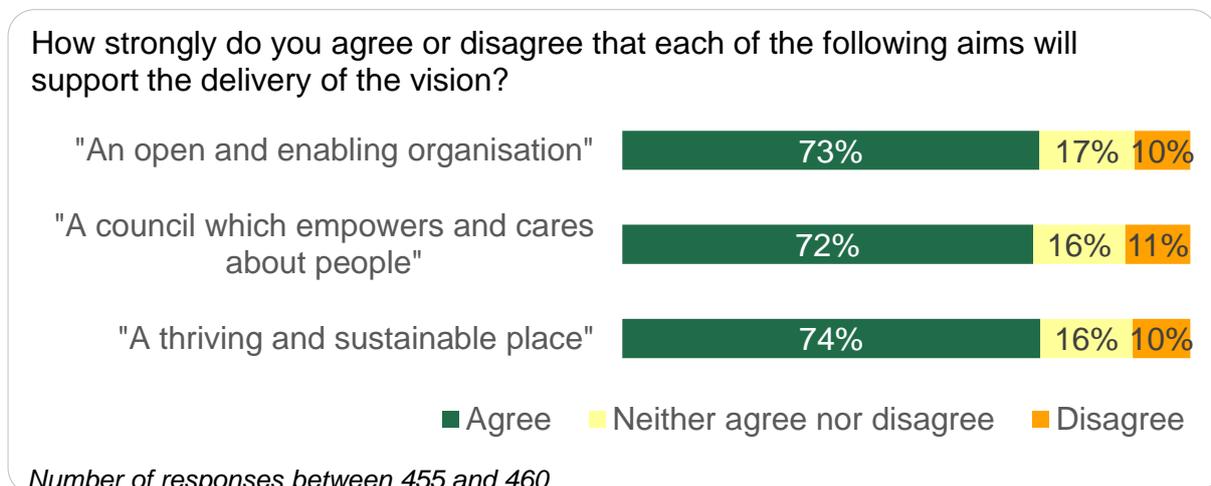


Positive feedback on the Corporate Plan included that the:

- Vision and priorities are good – positive, simple, effective, ambitious and lively.
- Design is good – clear, well presented, articulate, simple, visual, with good colours.
- 3 priorities are fair and well summarised.
- Plan fits in well with the national agenda, and with schools agendas.

Support for the aims too

High proportions of respondents (between 69% and 71%) also felt each of the aims will support the vision.



Councillors and employees rate the plan higher than residents

Councillors (92%) and council employees (89%) were significantly more likely to agree the Corporate Plan was good as compared to residents (66%). They were also more likely to rate the vision as a good one for Cheshire East.

How strongly do you agree or disagree that the... (% selecting agree)			
	Local residents	CEC employees	Elected Members / Councillors
...Corporate Plan is good?	66%	89%	92%
...vision is a good one for Cheshire East?	78%	92%	85%
<i>Number of responses between:</i>	287 - 292	71 - 72	12 - 13

General points made about the plan

Some felt **Covid-19** must be dealt with before the plan can be delivered, suggesting it may take years to get over the pandemic. They wondered with the current uncertainty whether it is feasible to deliver a long-term plan such as this.

There was also some feedback about **the purpose of the plan**, mainly among Councillors. On the one hand, some felt such a plan is vital, as it shows the public where the council is heading and can be used to hold the council to account. On the other hand, others felt that strategies such as these tend to sit on the shelf and not get used, that they rarely dictate the actions people take, and can become “wish lists”.

Some stressed that **co-production** will be needed to ensure the plan is delivered. They stressed the council cannot achieve these aims on its own, that it should be co-produced and delivered through democracy and partnership. They felt this was especially true of the "**green agenda**" – that this is an issue that needs to be front and centre of council plans, and that it can also be delivered through co-production with communities. They felt successful engagement would be key to achieving this.

Some felt the **writing style** of the plan could be improved, and that re-writing it would give a better sense of cohesion. Some felt the bullet points in the plan are written in different styles, some start with action words, others don't, and that it feels like they are written by different people.

(See the appendices for more detail).

Some negative feedback on the plan

There was some negative feedback on the plan, mostly on social media (Twitter and Facebook).

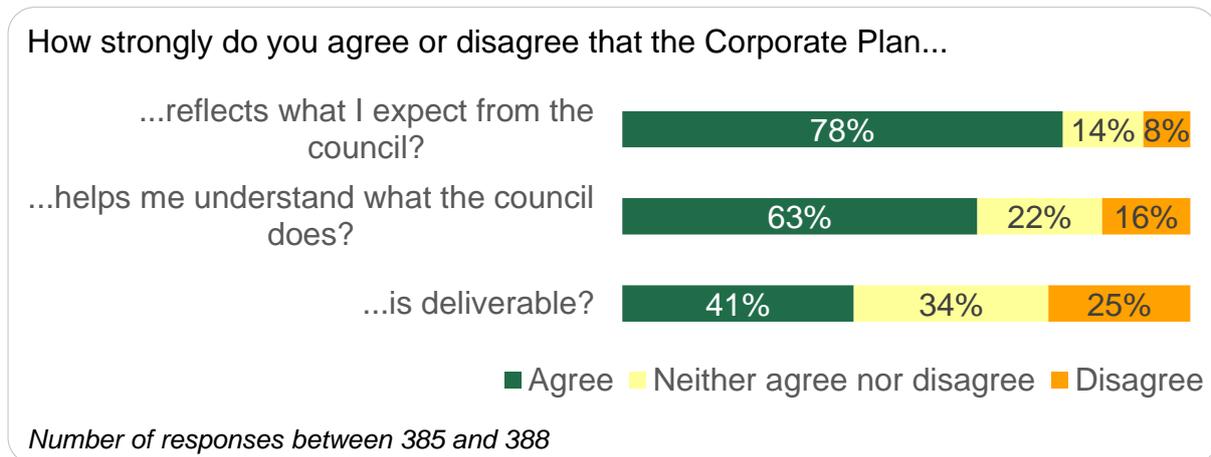
Negative feedback here included:

- “This is nothing more than a token PC box ticking exercise. Regardless of what honest living folks say, you’re just going to do what you want anyway.”
- “Your priorities never seem to match (those) of the electorate!”
- “Just empty the bins and fill the potholes.”

Delivering the plan

Is the plan deliverable?

Whilst 78% of respondents felt the plan reflects what they expect from the council, and 63% said it helps them understand what the council does, a lower proportion, 41% felt the plan is deliverable.



Councillors and employees again rate the plan better than residents

Councillors (100%) and council employees (90%) were more likely to say the plan reflects what they expect from the council compared to residents (75%).

Councillors (92%) and council employees (78%) were also more likely to say the plan helps them understand what the council does compared to residents (58%).

It was council employees (60%) who were most likely to think the plan is deliverable.

How strongly do you agree or disagree that the Corporate Plan... (% selecting agree)			
	Local residents	CEC employees	Elected Members / Councillors
...reflects what I expect from the council?	75%	90%	100%
...helps me understand what the council does?	58%	78%	92%
...is deliverable?	36%	60%	42%
<i>Number of responses between:</i>	287 - 292	71 - 72	12 - 13

Points made about delivering the plan

A number of general points were made about delivering the plan, and these are listed below. See the appendices for more detail.

Some were concerned the plan is **too ambitious**, setting a very high bar by promising to deliver so many services, and therefore setting the council up for a fall if it failed to achieve all the priorities. There is felt to be a tension between the level of ambition, and the resource / time the council has to deliver it. Some pointed out that some measures of success are out of the council's control.

Some felt the plan **lacked enough detail** to be deliverable, that some of the outcomes are not described very well or are vague, and the way it is written could be improved.

They felt more good quality and measurable **performance indicators** will be needed, to ensure the administration, and officers, are held to account. They felt the performance indicators must be **SMART** and include target dates, and that members of the public should be able to measure and verify them.

To ensure **accountability**, respondents wondered whether staff will take **ownership** of the actions and measures, and whether performance indicators should be assigned to individuals. It was felt that overall responsibility for delivering the plan should be assigned to one council officer.

Some felt there should be regular public **updates on progress** against the measurable targets to highlight what has been achieved so far.

Some felt a process of **continual improvement** and **feedback** is required, to ensure the plan remains up to date, and keeps improving. They felt this engagement exercise was a good starting point for this, but felt there needs to be much more follow-up, and felt the plan must change based on feedback received. Some felt it was difficult for staff to feed back on the Corporate Plan at the current time, given how busy all staff are at the moment, and given the length of the plan. They felt that ultimately conversations and 1-2-1 interactions with individual officers are better would be the best ways of feeding back on the plans and actions in future.

It was felt that a **lack of funding** would prevent the plan from being achieved, that there are too many cutbacks needed to be able to deliver it. They suggested that it all sounds too good to be true, and that it is "hot air" until delivered.

Items missing from the plan

Throughout the engagement feedback, stakeholders listed items they felt were missing from the plan – these are listed below. See more detail in the appendices.

Staff **don't see themselves, their team or their role in the plan**, or struggled to see how the plan applies to their work. This caused some staff nervousness and anxiety, as though they could see themselves in the previous plan, they were not sure they could in this one. They were worried that unless their work was explicitly referenced in the plan, it might be dropped, which creates uncertainty. Some felt their teams were vulnerable to “cuts”.

Some felt that more reference to the current pandemic, **Covid-19**, is needed within the plan, recovery from which may take 10 years. They wondered how the council will plan for the future and handle one of the biggest challenges since the second world war. Others questioned how life might be different post covid-19 e.g. would transport requirements be impacted by changes in lifestyle as a result of covid-19, with more people working from home.

Some felt the plan could be more **empowering** and could encourage more **individual responsibility**. They felt people must take responsibility for making the plan work, and it should not be a case of the council doing everything for them. They felt the language used in the document is perhaps not empowering e.g. “adults receive quality assessments”, and “are involved in...”.

Some requested more **financial detail** to be included in the plan, particularly around how the plan will be funded, what the financial impact of covid-19 will be, and about government funding and deficits. Others felt there was a lack of reference to any **economic and employment strategy**. They felt there is no vision on how additional jobs can be attracted or generated in the area, including no reference to C&WLEP Strategy or developing Local Industrial Strategy.

It was felt a **glossary** should be included, and that plain English is needed throughout the plan, and simple definitions of the following: Tartan rug, Service Centres, KM, Brighter Futures Transformation Programme, Corporate Parents, Active Travel, carbon neutral. Some felt some of this language is “internal” council language and wondered if it is appropriate for an external plan.

Others felt there needs to be more **celebration of our communities** in the plan, and celebration of community events and the work they are doing. They felt the plan doesn't celebrate all parts of the community.

Some felt there was a lack of reference to the **rural economy, farmers and rural villages**, they felt the urban economy appears to get most attention and money.

Respondents also listed a number of key services they felt were missing from the plan that required direct reference, including:

- Statutory duties – the day to day tasks.
- Support for local business.
- Reference to reducing the amount of development in the borough.
- Street cleaning.
- Verge maintenance.
- Litter picking, dog fouling.
- Town cleanliness.
- Increased police presence (please note this is not a council responsibility).
- Cultural change to deliver the green agenda.

Finally, respondents listed some general items that people felt were missing from the plan included:

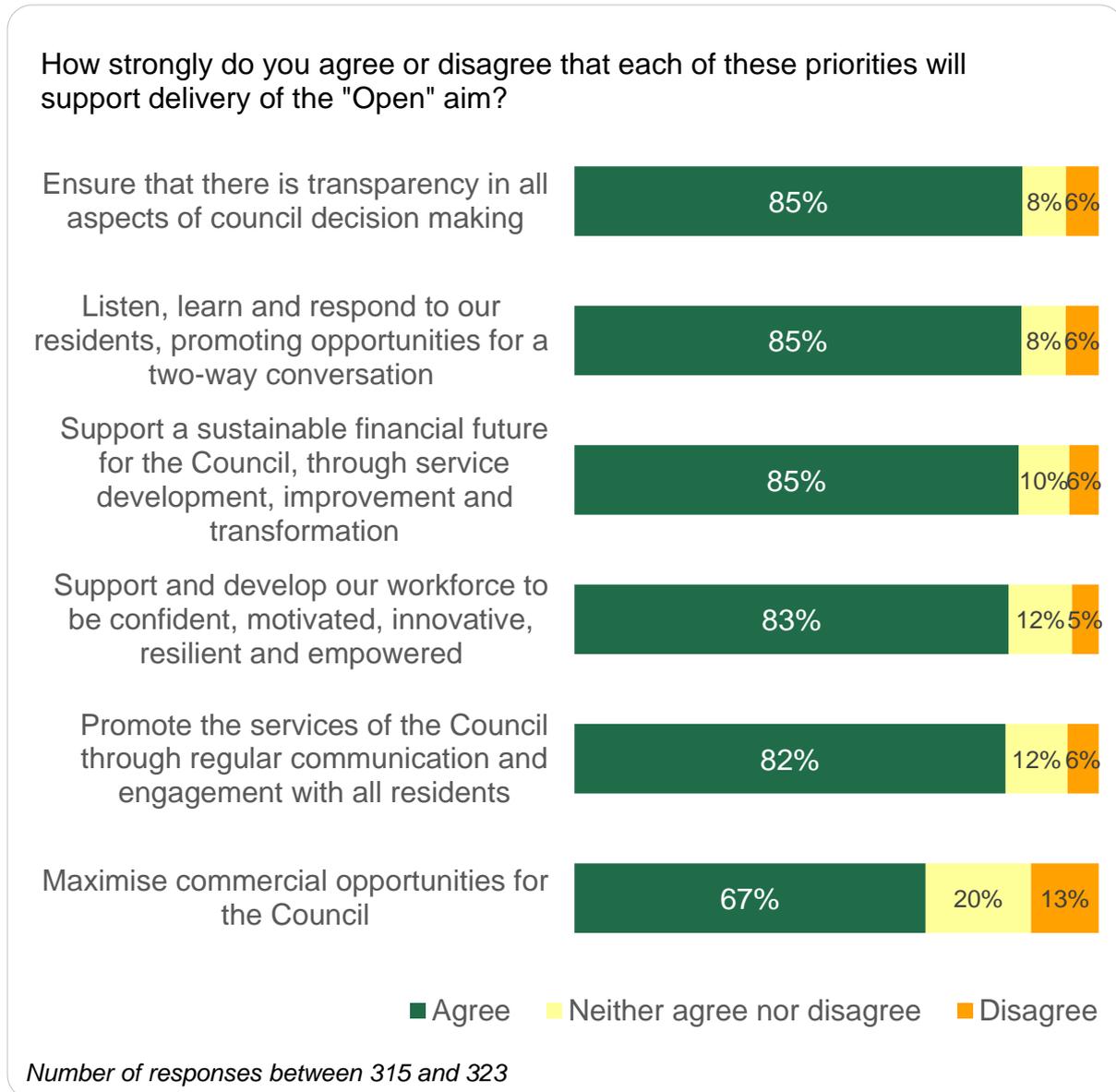
- A commitment to improved communication.
- A commitment to spend money wisely.
- Honesty.
- Trust.
- Pride.
- Community spirit.

Feedback on the Open priorities

Rating the Open priorities

Respondents generally agreed that most of the priorities under “Open” would support this aim, with 82%+ agreement .

The one exception was the priority “Maximise commercial opportunities for the council”, which had 67% agreement.



General feedback on the Open aim

There was some concern expressed, particularly by Councillors and Officers, that the council will **struggle to achieve the aim of being Open**, because the council is not open on some issues, for example planning and legal ones.

Others felt the council is **not willing or able to have 2-way conversations** on some issues, and that it is sometimes difficult to get answers or a response from the council by email or telephone.

To achieve the aim of being open, it was suggested that a **culture change** would be required within the organisation, and that some departments, particularly the planning department, would need to start preparing now to be able to achieve the aim of being Open when the plan comes into effect.

There could be reputational damage to the council if it sets the aim of being Open, but then fails to be open on certain issues in future.

Feedback on Open priorities

Ensure that there is transparency in all aspects of council decision making

Respondents made suggestions as to how the council could be more open about the decision-making process. They suggested that:

- All council meetings should be open to the public, including digitally via Zoom.
- Members of the public should sit on scrutiny groups.

They also felt the way the council presents information needs improving:

- Publish supporting information on decisions that affect local residents.
- Information must be presented clearly, to ensure good decisions are made.
- Information about the council's work must be easier to find and understand.

They felt engagement needs improving:

- Stakeholders must be asked what they want before decisions are made – there is a feeling the council is cavalier in its approach.
- Strategy consultations must be made more engaging.

They felt council strategies need improving:

- Strategies are too long, they should be written on 2-sides of A4 maximum.
- Strategies must not be written in superfluous jargon.

Listen, learn and respond to our residents, promoting opportunities for a two-way conversation

Respondents stressed the council must actually listen to what residents are saying, demonstrate it listens, takes note of public consultations, and act on feedback:

- The council does not listen to residents or local councillors – the roads are not swept, weeds are not treated, towns look shabby and uncared for, you allow development against the wishes of local residents.
- It's great to have the opportunity to contribute and be heard, but from experience nothing ever comes of any of it – people are consulted, and then the council does whatever it was going to do anyway.
- If there is no possibility of anything changing based on feedback, then do not consult in the first place.

Respondents felt the process of listening must be improved:

- Make it easier to provide feedback – Have multiple ways to engage with residents so that it is not only those who will fill out surveys who have a say.
- Listen to all residents, not just those that shout loudest or send the most emails.

Respondents felt the council must strive to understand what people want, that it must get out there and ask them face to face, and that surveys are limited.

Respondents also wanted to see an increase in co-production to involve communities in decision making, and to empower people to make key decisions.

They also wondered how the council will continue a conversation on the corporate plan:

- What will future engagement on the Corporate Plan look like?
- How will the council give residents ownership of the priorities and actions?
- How will co-production work?
- Will constant updates be provided to residents?

They also suggested improving how Councillors listen and communicate, by boosting the support to elected representatives in carrying out their democratic role in the communities they serve. Some felt Councillors do not reply to emails.

Support a sustainable financial future for the council, through service development, improvement and transformation

Some felt that this priority didn't seem to fit within this aim.

Others felt the financial side of the council is over-complicated in a way that makes residents not understand or be interested, and that this could be improved by improving financial information provision.

Others had negative perceptions of council expenditure such as money being wasted on overpaid consultants, unnecessary restructures, unnecessary expenditure, privatisation, and more. They were not confident any of those things are likely to change so feel these are empty promises.

Maximise commercial opportunities for the council

This was the lowest rated of all the priorities under the Open aim, and reasons for this may include respondents:

- Not being sure why this objective is included in the "Open" aim, they felt it should be moved elsewhere.
- Disliking the word "maximise", felt to have the wrong connotations. It was suggested it could better be expressed as "exploit commercial opportunities where appropriate to support sustainability of the council's finances".
- Being confused about what "maximise commercial opportunities" meant – does it mean the council will attempt to extract as much money from residents as possible? Does it mean Council Tax will go up? More fines? More and higher car park fees?

Others felt that any commercial activity must be transparent, and that:

- Commercial investment often ends in failure or become a drain in finances in future years e.g. Fairerpower.
- Commerciality shouldn't come at the expense of safeguarding requirements.
- Stop outsourcing, it's not cost effective, nor "morally" right.
- It is the council's responsibility to spend its precept in delivering stated services not maximise profit by setting up separate satellite companies with a profit motive.
- The "ASDV Review" would "set hairs running" too.
- Income generation by grants is important, and isn't mentioned within this priority.

Support and develop our workforce to be confident, motivated, innovative, resilient and empowered

Respondents felt the council must support and develop the workforce, though this is difficult with an ever-decreasing workforce, with some staff feeling underpaid and overworked. They suggested:

- Listening to the workforce, asking them for ideas, and showing the council is listening.
- Supporting staff who make key decisions.
- Ensuring staff are familiar with the towns they make decisions about by having them visit them.
- Motivating staff.

Promote the services of the council through regular communication and engagement with all residents

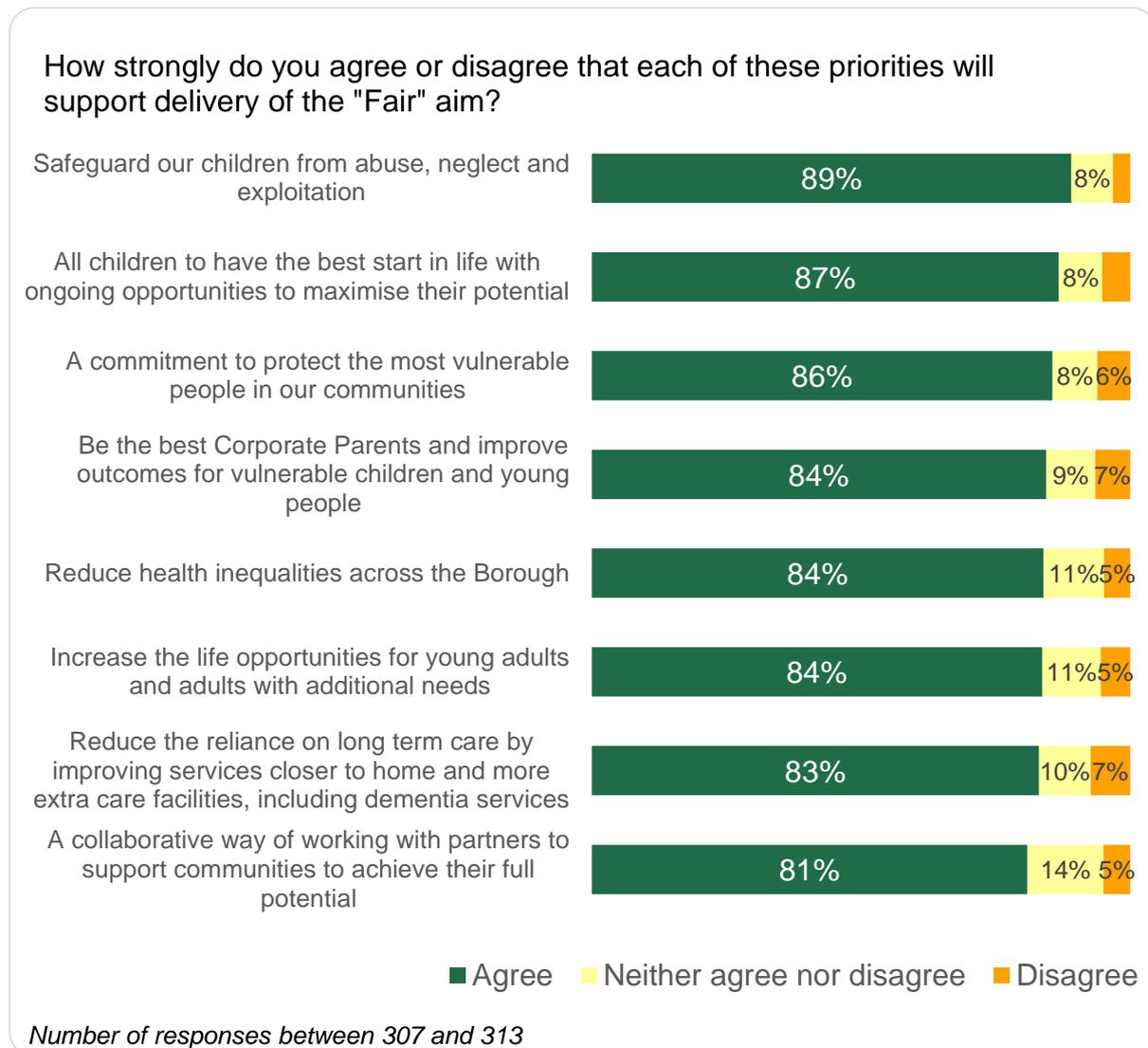
Respondents suggested the council communicate better with residents, communities, and town and parish councils. They felt communications must be kept simple and cost effective. They also suggested:

- Improving access to the council.
- Making it easier to report issues.
- Advertising key services better, such as dementia services, so people who need them find out about them.

Feedback on the Fair priorities

Rating the Fair priorities

Respondents generally agreed that most of the priorities under "Fair" would support this aim, with 81%+ agreement with each of them.



General feedback on the Fair aim

The main complaint about this aim was respondents felt it focuses solely on children, with there being limited mention of Adult Social Care. They felt it gives the impression that up to age 18 the council really cares, 18-64 not so much, and over 65 it doesn't care at all.

They felt more emphasis on adults is needed given changing demographics, and an aging population. This may simply be achieved through wording changes to some of the priorities.

Feedback on Fair priorities

Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including dementia services

Respondents felt more emphasis on adult social care, and care of older people, is needed within this heading – the perception is adults aren't focused on as much as children within this aim. Perhaps the word “adult” could be added to this priority.

Some felt care services had been reduced too far:

- Care has been reduced except for the very, very vulnerable, but care in the community should be just that, with all needs met.
- The council and government have fine words and plans, but in reality care is lacking or not there.

Others felt the social care process could be improved:

- Social care services must listen more.
- Long term care, and special needs care, must be provided on a case by case basis.
- Programmes need to be able to respond to the needs of each individual to maximise their potential.

There was opposition to care work being run by external companies:

- Don't privatise this industry – the council should run more full-time care facilities not less.
- Don't "farm out" care into the community, this places too much reliance on the family to provide the care, assisted by care packages which are provided by companies only interested in making a profit.
- Profit always comes before the care, and although this all seems wonderful, in the real world it doesn't work.

Other comments included:

- Home carers need more support, including for illnesses that are not severe. Value people who provide adult social care by offering incentives and support.
- Create communities where older people feel worthwhile and can offer their experience and skills.

Safeguard our children from abuse, neglect and exploitation

Respondents suggested the title of this priority could be changed to include adults. Suggested alternatives included:

- "Safeguard people of all ages from abuse, neglect and exploitation".
- "Cheshire East seeks to protect adults at risk to live in safety, free from abuse and neglect".

A commitment to protect the most vulnerable people in our communities

Some felt the word "vulnerable" is offensive to some, and that vulnerability may be perceived as contextual rather than innate.

Respondents listed the types of vulnerable people who they felt should be referenced in the plan, but who are currently not, including those:

- Affected by **domestic abuse**. Respondents felt this is a major issue for many adults and children in Cheshire East, and so should be highlighted as a key priority moving forward. There was a lot of comments made about this issue, and it was a concern this isn't mentioned. Raising awareness and providing interventions and support for everyone affected by domestic abuse should be at the top of the agenda for safeguarding, social care and community safety.
- That are **unemployed, homeless** or without access to **affordable housing**.
- With **autism, dementia, or cancer**.
- With **mental health** problems.
- With **drug / alcohol addictions**.
- In the **SEND** or **fostering** system, or having **child pregnancies**.
- That are **non-academic**, who need further education to help them thrive.

All children to have the best start in life with ongoing opportunities to maximise their potential

Respondents felt children are the future and must be nurtured. They felt the key to achieving this aim was good education, while others felt that children having the best start depends on parents getting the support they need.

A number of comments were made specifically about SEND services. Some felt the SEND department has been a "disaster" due to many staff changes and policy changes, but with little improvement seen on the ground. Others felt the SEND team response time is very slow.

Other comments about SEND services included that:

- More assistants are needed in schools to help children very early with ASD, ADHD, Dyslexia identification and support. If more support was given by schools, then there would be less family crises.
- Schools cannot provide support for SEN issues as they do not have the resource.

- Some schools and academies ignore SEN and vulnerable children – they do not identify issues quickly enough, meaning children get referred to SENCO far too late.

Other suggestions included that the council should:

- Providing more, specific, special schools. It was felt the council has significantly reduced the number of special schools compared to other councils.
- Prioritising youth and employment.

Increase the life opportunities for young adults and adults with additional needs

There were few comments about this priority.

- The detail about life opportunities needs expanding to include working age adults so more people of all ages can be aspirational and have good lives.
- Good apprenticeships are vital, people leave university with limited prospects.

Be the best Corporate Parents and improve outcomes for vulnerable children and young people

Some disliked the phrase “Corporate Parents” immensely, as they felt it sounded “awful”, or were unsure what it meant – they felt it was an example of “corporate jargon” (similar criticism was also received in the Budget Engagement 2021 - 2025).

A collaborative way of working with partners to support communities to achieve their full potential

Respondents felt the council must:

- Be transparent about who it works with.
- Be clear about how it will communicate and involve partners and voluntary organisations.
- Ensure partners are made accountable.
- Give more support for non-profit and voluntary organisations.

Others felt the council should empower communities to support each other and build community integration to enable support for all.

One person felt that this priority “means nothing”.

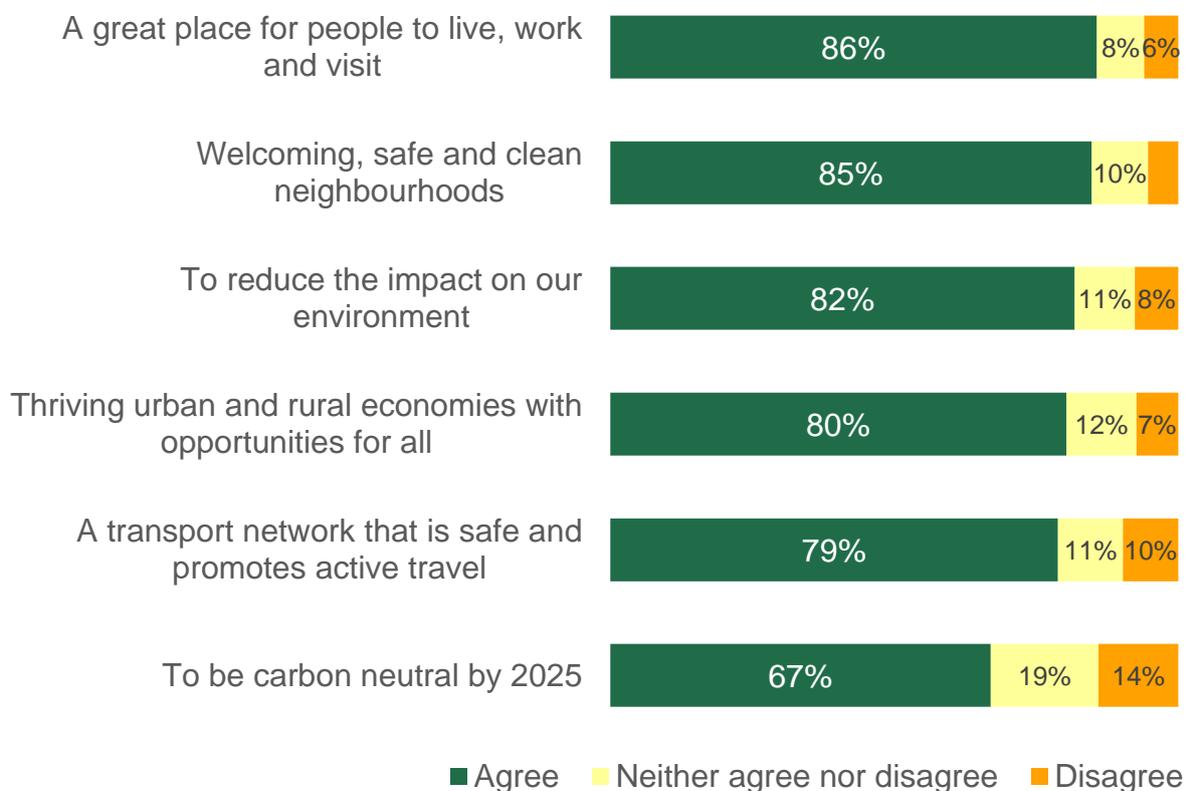
Feedback on the Green priorities

Rating the Green priorities

Respondents generally agreed that most of the priorities under “Green” would support this aim, with 79%+ agreement with each of them.

The one exception was the priority “To be Carbon Neutral by 2025”, which had 67% agreement.

How strongly do you agree or disagree that each of these priorities will support delivery of the "Green" aim?



Number of responses between 298 and 302

General feedback on the Green aim

Respondents echoed the importance of the “green agenda” and reiterated that they felt cultural change within the organisation would be needed to deliver it. They wondered how green values will be embedded within the organisation when the focus has been on saving money, and suggested people will need permission to be green, in order to achieve this vision.

Others felt the green agenda discriminates against the disabled, as they can't use public transport, cycle lanes or footpaths. They also suggested that cycle lanes have been introduced at the expense of disabled parking spaces in some areas.

Feedback on Green priorities

A great place for people to live, work and visit

Some suggested this was a vague priority, and that more detail is needed. Others suggested that “live, work and visit” should each be dealt with separately.

Many comments on this priority were concerned about **development** in the borough – the strength of feeling on this topic with residents cannot be exaggerated, this is an issue which comes up time and again in all consultations conducted by the council.

Some felt there is a disregard for due process within planning, and that the council must listen to residents on this issue. They also felt housebuilders must do more as they make huge profits.

Residents are unhappy with the current approach to planning and development in Cheshire East. Comments included that the council must:

- Stop “over developing”.
- Stop blending villages into urban areas (e.g. in Crewe).
- Stop building on greenbelt land and build on brownfield sites instead as a priority. They felt too much land has already been lost to housing.
- Plan development better, they felt the council keeps building new houses, without providing the supporting infrastructure like schools, GP surgeries, dentists, roads, prisons, green spaces, public transport etc.
- Build new housing to high environmental / green standards.

Others felt that reference to providing green spaces for residents is missing from the plan, and that greater access to green spaces is needed, including increased access to parks for children.

Welcoming, safe and clean neighbourhoods

Respondents felt general **town cleanliness** – Street cleaning, litter picking, dog-fouling and verge maintenance – were services missing from the plan and should be directly referenced within it. They stressed general cleanliness is a high priority for residents, and felt that some places look shabby, and how places look has a big impact on how residents feel about their local area.

Respondents felt more emphasis on increased **police** resource was needed in the plan, as they felt more are needed to ensure safety, and to reduce the crime rate.

Some felt drug dealing and using in public is a problem in some areas, and some do not feel safe in others.

Others felt specific air pollution reduction targets were needed in the plan, and that the council must ensure reported data is accurate.

To reduce the impact on our environment

One respondent wondered whether this priority should be combined with the priority "to be carbon neutral by 2025".

Other comments for this priority included:

- Waste and recycling is an important issue which needs improving.
- There is a lack of understanding around biodiversity.

A transport network that is safe and promotes active travel

Some commented on the use of the phrase "active travel" in the title of this priority, with some unsure what that was.

Others felt the promotion of **active travel** needs to be tempered with the reality that Cheshire East is a largely rural area, with a large proportion of people reliant on personal motor transport as a necessity. They felt no form of public transport could be comprehensive enough to replace this, and that bicycles are not practical solutions, except in very limited cases, and when it isn't raining! They also wondered how transport requirements be impacted by changes as a result of covid-19, with more people working from home etc.

On the other hand, others felt that an **integrated public transport system** is needed to reduce reliance on cars, as people are forced to use cars. They felt public transport needs to be affordable, frequent, reliable, with more routes provided, and that few people use public transport currently. They also felt the transport system should be subsidised, and not run by companies only interested in making a profit. Some suggested that the public transport system in Greater Manchester is much better.

Specifically, some felt better **bus services** are needed, as the current service provision is impractical to use for daily journeys e.g. a 20 minute journey by car can take 2+ hours by public transport.

Others felt greater **walking and cycling provision** is needed in the borough, that more, safer routes are needed to encourage people to walk and cycle more. Some felt more thought needed to go into the detail of this priority within the plan to ensure its success.

Others felt better **traffic planning** is needed to reduce traffic and avoid congestion. They wanted traffic calming schemes in place, and a reduction in the speed of vehicles, and in the number of HGVs / lorries.

Others felt improving the **electric vehicle** infrastructure is vital to enable more people to buy them, and that we must stop “demonising” cars as they are getting much greener now, and older / disabled people are reliant on cars and cannot walk/cycle.

Others felt **electric cars** are not "green" or sustainable – a battery does not last forever, comes from a lithium mine which is not "green" at all, and is then shipped/flown around the world to the UK.

Final comments included:

- It is important to get the car parking strategy right, that charging for it will harm town centres, and that charges must be lowered to encourage town centre use.
- Road surfaces need improving as they are poor.

Thriving urban and rural economies with opportunities for all

Respondents here simply stated that town centres need improving, especially the deprived areas.

Some felt Crewe Town Centre is like a demolition site which has been neglected for years and are fed up with empty promises of regeneration which never happens. They complained there are few shops, little parking, gangs roving the streets, little greenery, poor roads, poor pavements, cars parked illegally, and “slum” houses.

Others wanted to ensure smaller towns such as Sandbach are not neglected at the expense of larger ones like Macclesfield and Crewe.

To be carbon neutral by 2025

Some asked what carbon neutral is, and what it meant for the council to achieve this aim. Others were concerned this is a very ambitious aim, and wondered if it is achievable in 5 years, and felt it was simply impossible. However, this may be because respondents are not completely aware of what needs to be achieved for the council to become carbon neutral – some respondents thought it meant the whole borough and everything in it must be carbon neutral by 2025.

Others felt it is laudable the council wants to reduce our environmental impacts but felt “we need to live in a real world”. They felt massive changes in carbon emissions will require huge central government commitment and money, that it felt like a futile effort in the global environmental emergency fight, and that much larger countries need to do far, far more.

Others asked what the financial benefits of this aim are, especially in times of financial hardship post covid-19.

It was suggested that a practical plan to reduce global warming is needed, including more clarity about how this will be achieved.

Conclusions

Conclusions

The Corporate Plan was well received

This was a very successful engagement for 2 reasons:

- 3) Respondents rated the draft Corporate Plan very highly, which is extremely positive. There was much positive feedback for the first draft of the Corporate Plan, which can only stand the council in good stead for the future.
- 4) Large numbers of people got involved in the engagement and interacted in a wide variety of ways – the newly designed Engagement Hub was well received, which also stands the council in good stead for the future.

The purpose of the plan

There was debate about the purpose of the plan – will it be used to drive the future direction of the council and hold it to account through continuous improvement, or will it “sit on the shelf” and be used as a reference point.

Either way, the council can be confident that this current draft of the Corporate Plan sets the council in good stead.

Delivering the plan

If the council wants the plan to drive the future direction of the council, and to use it to hold the council to account through continuous improvement, significant time and resource will need to be invested in it to ensure it is successfully delivered.

To ensure it is successfully delivered the council will as a minimum need to:

- Continuously engage on the plan with staff and Councillors, most likely through 1-2-1 discussions.
- Continuously engage on the plan with residents, to ensure the plan reflects their priorities and to ensure they understand the purpose of it.
- Add SMART performance indicators to it, with Council Officers taking individual responsibility for the delivery of these.
- Publicly report on these performance indicators so stakeholders can monitor progress.

Updating the plan based on feedback

There are many performance measures that could be created from the feedback summarised within this report – very brief examples include:

Aim	Comment	Possible performance measure
Open	All council meetings should be open to the public.	% of all council meetings open to the public.
Fair	Social care services must listen more.	% of social care users that feel listened to.
Green	Stop “over developing”.	% satisfaction with development in CE.

Appendix 1 – “Conversation with” event feedback

The following appendix summarises feedback received during 5 “Conversation With” events, which were run during the engagement.

All “Conversation With” events followed a similar format, with the event lead running through a presentation covering the newly drafted Corporate Plan, before opening the floor to discussion.

Events leads were:

- Lorraine O’Donnell, Chief Executive
- Jane Burns, Executive Director of Corporate Services
- Frank Jordan, Executive Director of Place
- Natalie Robinson, Head of Business Change
- Kathryn Bradley, Equality, Diversity and Inclusion Officer

Event attendees	No.	Date	Event lead
Council staff	12	16/10/2020	Jane Burns
Council staff	11	26/10/2020	Lorraine O’Donnell / Jane Burns
Council Members	18	26/10/2020	Jane Burns
Council staff	11	09/11/2020	Frank Jordan
Equality & Diversity Group	21	10/11/2020	Natalie Robinson / Kathryn Bradley

Feedback has been summarised and grouped into categories. The identities of event attendees have been kept anonymous.

Firstly, there were a number of general views expressed during the events.

General views on the Corporate Plan	31
Positive feedback on the Corporate Plan included: <ul style="list-style-type: none"> • Vision and priorities are good – positive, simple, effective, ambitious and lively. • Design is good – clear, well presented, articulate, simple, visual, with good colours. • The 3 priorities are fair and well summarised. • The plan fits in well with the national agenda, and with the schools agendas. 	17
There was some discussion regarding the relative merits of Corporate Plans, mostly among Councillors. On the one hand, some felt such plans are vitally important – the most important document the council produces, as they set out the direction of travel and the political direction, and show the public where the council is heading. They’re important documents for holding the administration and officers to account. On the other hand, others felt that strategies such as these tend to sit on the shelf and not get used, that they rarely dictate the actions people take, and too often they become a “wish list”.	6
With so much uncertainty around at the moment, it’s difficult to create long term plans knowing we can stick to them e.g. the Chancellors Winter Plan didn’t survive until Halloween!	2

The vision feels fairly short term – only setting out ambition for the next 4 years, how can the council ensure long term planning?	2
Staff are the council’s greatest resource, and it feels like they are well looked after.	2
It is good the plan reflects political manifestos from 2018.	1
The plan must remain politically neutral and cannot put staff in a difficult position.	1
Deliverability	56
Too ambitious – Some were concerned the plan is too ambitious, setting a very high bar by promising to deliver so many services, and therefore setting the council up for a fall if it failed to achieve all the priorities, particularly at the current time of uncertainty. Some wondered whether the council should be more cautious, while others wondered what will be prioritised if there are too many priorities to deliver. There is felt to be a tension between the level of ambition, and the resource / time we have to deliver that. Some pointed out too that some measures of success are out of our control.	13
Lacks detail – After the aims, the plan “almost runs out of steam”. Some felt the plan lacked enough detail to be deliverable, that it becomes “watered down”, that the outcomes are not described very well, some of the language is a bit vague, and the way it is written could be improved. Some felt that Corporate Plans tend to be statements about how wonderful everything will be, which then turn out not to be true.	9
Performance Indicators – Good quality performance indicators will be needed to ensure the Corporate Plan is successfully delivered, and to ensure the administration, and officers, are held to account. The plan currently doesn’t seem to include enough Performance Indicators, and any that are included must be good quality to ensure it is delivered – they should be SMART and include target dates. Some wondered how staff will take ownership of the actions and measures, and whether Performance Indicators should be assigned to individuals. Once created Performance Indicators can then be reported back on in Committees. Clarity was sought on who should propose the indicators – just officers, or should that be a wider process, as previous plans had been driven by resident outcomes.	19
Employee feedback – It is difficult for staff to feed back on the Corporate Plan, given how busy all staff are at the moment, and given the length of the plan. The consultation and survey are a starting point (though surveys do have their limitations), and ultimately conversations and 1-2-1 interactions with individual officers are better. There needs to be a process of continuous feedback to ensure the plan remains up to date, and keeps improving. This consultation is a good starting point, but there needs to be much more follow-up, and the plan must change based on feedback received. The feedback process needs to be made clearer within the plan too.	10
Some felt that Corporate Plans should be ambitious, and that this one lacked ambition in places e.g. phrases such as “maintain our position”, and “stay in-line with similar councils” isn’t felt to be terribly ambitious – should we not be striving to be better than other councils?	3
Specificity – Some measures seem very specific e.g. each service centre will have cycle storage.	1
Some wondered where funding will come from to deliver the plan.	1
General missing aspects	56

Staff don't see themselves / their role in the plan – The plan causes some staff nervousness and anxiety as they struggle to see themselves reflected in the plan, or struggle to say how the plan applies to their work. Some felt their teams are vulnerable to “cuts”, and though they could see themselves in the previous plan, they were not sure they could in this one – they were worried that unless their work was explicitly referenced in the plan, it might be dropped, which creates uncertainty. Others felt that when they did see something that referred to them in the plan, the content fell short. If staff are going to buy-into the plan, they need to see how they fit into it. Others were concerned the plan is “done to” rather than “involved with”. Teams that felt they were not reflected in the plan included the green and open spaces team, cultural team, art team, Commercial transformation workstream. Some felt that staff are not mentioned in the plan enough.	18
Covid-19 – In light of the pandemic, more reference to Covid-19 is needed within the plan, recovery from which may take 10 years. How will we plan for the future, and wrestle with one of the biggest challenges since the second world war? How stable is the plan in light of the pandemic, will actions and priorities remain the same? People may do things differently now, and value different things now, than before the pandemic e.g. more value on green spaces, perhaps people won't want to live in cities in future. How will we manage the health implications, particularly on those more vulnerable? How will we manage unemployment, what are the financial implications of the pandemic, what impact will there be on incomes, and how will demand for services change?	10
Celebrate our communities – There needs to be more celebrating our communities in the plan, and celebrating community events, and the work they are doing. Also the people – unless you're 0 -16, or over 65, what's in the plan for you? If you're not in need, what's in it for you? The plan doesn't celebrate all parts of the community – people with protected characteristics aren't listed, community diversity isn't reflected, and it doesn't seem to reflect the EDI strategy much.	10
Glossary – Plain English is needed throughout the plan, and simple definitions of the following: Tartan rug, Service Centres, KM, Brighter Futures Transformation Programme. Some of this language is “internal” council language, is it appropriate for an external plan?	7
More financial information – More financial detail is needed, particularly in regard to how proposals will be funded, about the financial impact of covid-19, about government funding and deficits. The financial information provided on pages 13 and 30 is limited, and perhaps seems a somewhat political (5 comments).	5
Other missing aspects include skills, communities, wellbeing.	3
Local Plan – Is the Corporate Plan aligned with the Local Plan?	1
Statutory duties are missing from the plan – the day to day tasks.	1
We need to ensure the 3 aims – Open, Fair and Green – do not become “siloes” from each other.	1

Attendees also expressed views on each of the aims – Open, Fair and Green.

The council is not Open – There was concern that the council may struggle to achieve the aim of being “Open”, as they felt the council is not open and willing to have 2-way conversations on some issues, particularly around planning. Some felt it was difficult to get a response by email or telephone, especially with council staff working from home. It was felt that to achieve the aim of being Open a cultural change would be needed, and that the planning department would need to start preparing now to be able to achieve it when the plan comes into effect, otherwise the council will fail to be Open.	7
Ensure that there is transparency in all aspects of council decision making – To "increase democracy", should we give Ward Members more say in local decisions such as Ward budgets?	2
Listen, learn and respond to our residents, promoting opportunities for a two-way conversation – What will the engagement on the Corporate Plan look like, will constant updates to residents be provided? How will the council give residents ownership of the priorities and actions? How will co-production work?	3
Maximise commercial opportunities for the council – There was some confusion about what this meant – does it mean the council will attempt to extract as much money from residents as possible? Does it mean Council Tax will go up? It was felt the "ASDV Review" would “set hares running” too. Others felt income generation by grants is really important, and isn’t mentioned within this priority, though it is income brought into the council – see work done by the Cultural Economy Team.	6
Support and develop our workforce to be confident, motivated, innovative, resilient and empowered – The word "workforce" has been carefully chosen. Staff being empowered is good. WFH has been a big deal – Are corporate buildings being removed? Pros and cons for this. There was talk of a single building. Reduce carbon footprint. Improve customer service centres – maybe different buildings? Can we redesign the estate to be more considerate of the environment?	4
Promote the services of the council through regular communication and engagement with all residents – Is the Brighter Futures Transformation Programme happening? Why is this Programme mentioned when it is an internal project?	2
Fair	5
The focus of this section seems to be on Children’s Services, and not Adults Services.	1
Reducing health inequalities should be a given, where is the detail on how this will be done?	1
The priorities seem too specific.	1
How do these priorities sit with our legislative and statutory duties?	1
For a fair and inclusive workplace – Staff should lead by example.	1
Green	15
“Green” is definitely a hot topic at the moment.	2
More emphasis on sustainability is needed in the plan.	1
Green discriminates against the disabled, as they can't use public transport or cycle lanes and footpaths. Plus cycle lanes have been introduced at the expense of disabled parking spaces in Sandbach.	3
Cultural change will be needed to deliver the “Green” agenda – How will green values be embedded within the organisation, when we have always been	2

<p>focused on saving money? People need permission to be Green, to achieve this vision. A cultural change needed.</p>	
<p>A great place for people to live, work and visit – When looking at outdoor sports, it only talks about leisure centres, when about playing fields and open spaces? The empty homes measure is not described very well.</p>	2
<p>A transport network that is safe and promotes active travel – Public transport needs to be more accessible, including for the disabled.</p>	2
<p>Thriving urban and rural economies with opportunities for all – This is where we would most likely expect to see Cultural Economy reflected. This priority only talks about regen for macc and crewe and town centres... It does not reflect or refer to the Council's Cultural Framework Strategic Priority, which is "to transform lives and places through access to great culture. Enabling the economy, communities and places of Cheshire East to benefit from engagement with culture, contributing to lifestyle, wellbeing, quality of place, creative skills and prosperity".</p>	3

Appendix 2 – Survey open comment feedback

Feedback on “Open”

In the survey conducted as part of the engagement, respondents were asked the following questions about the Priorities under the aim “Open”:

- Do you feel there are any priorities missing from this aim?
- How could the priorities be improved to ensure the council delivers this aim?

Firstly, respondents made a number of general comments in response.

General views on the Corporate Plan	16
It's all good, the priorities look good, everything seems to be there. If delivered, it will be great.	6
Nothing new – The aims are the same ones the council has had for many years, and the same ones as all UK councils, housing associations, healthcare providers, third party suppliers etc have.	4
Covid-19 must be dealt with before delivering these priorities – it may take years to get over the pandemic.	2
There are too many priorities – some could be combined.	2
Open – Past experience says this will not be achieved.	1
The first 3 priorities are not being delivered.	1
Deliverability	67
Ensure the Corporate Plan delivers – How will the council deliver the corporate plan, how will the council live up to its aims? It's easy to put together a good-looking plan, and have a Corporate launch with bright lights and media coverage – but how do the people who wrote this plan expect the council to follow it? Someone in the council needs to be given overall responsibility for delivering the plan. The devil will also be in the detail, and on the day to day actions to deliver the aims – SMART goals should be used. Action is needed now, and not in many years. There are too many directors, managers and project managers when people on the ground are needed to deliver. Stability of staff and teams is also vital for delivery of the plan.	21
Use measurable targets – To be accountable, there should be regular public updates on progress against measurable targets (performance indicators) – what has been achieved so far? Deliver proper measurable and verifiable metrics that members of the public can measure and verify. Do staff and Councillor activities conform to the plan, are they delivering? Performance will be compared against other high performing councils, who are these councils and how will they be selected?	15
Too vague – The plan is too vague, with not enough actions / concrete targets, there is no clear plan. It is too “fluffy”, how can you disagree with anything? You must set set clear, deliverable goals, and identify the main priorities - don't spread yourself too widely.	11
Without funding the plan is not realistic – It all sounds too good to be true, and is “hot air” until delivered. A lack of funds will prevent this from happening, too many cutbacks will be needed to be able to deliver – are these aims financially	14

<p>viable, and not just a wish list? In the past the financial support for social services and their clients has seemingly been reduced drastically, leaving many people struggling to cope with their vulnerable loved ones with little support, as an ex-social worker in this area I have seen the need and the suffering first hand so do know what I'm talking about.</p>	
<p>Less is more – It may be better to concentrate on a few areas and substantially improve those, than promise to make lots and lots of improvements that are unachievable without substantially more resources. In theory these plans will work, but I'm not too sure about putting them into practice – Promises have been made in the past and not delivered.</p>	6
General missing aspects	34
<p>Governance - Improve corporate governance and involvement of elected councillors. Disconnect political preference from policy decisions – too often party politics dictate, and not common sense. Leadership should focus less on their own ambitions, and more on what's best for the community. Move to a committee system.</p>	7
<p>Honesty e.g. green belt sites have not been removed from development plans, even though the plan says they would have been.</p>	5
<p>A commitment to spend money wisely, and not to “gamble” with funds e.g. get value from subcontractors and employees.</p>	3
<p>Pride – More is needed in the borough, our towns, homes and gardens. More pride and community spirit are needed, and less individualistic self-obsession. Visit the Netherlands for an example.</p>	3
<p>Trust – This needs to be re-built with employees – there are legacy issues with the reputation of past Chief Executives, and with issues around breaking the law.</p>	3
<p>Equality & diversity – These aims must be equal across the whole of Cheshire East, without fear or favour.</p>	2
<p>A commitment to support local business – There are no specific priorities or actions about supporting local businesses to grow.</p>	2
<p>Individual responsibility – Encourage a sense of accountability for all inhabitants of Cheshire East.</p>	2
<p>Community funding – Support community initiatives, ensure funds reach the right places.</p>	2
<p>Financial detail – a lot people would be interested in hearing how much the council spends on administration and overheads, the cost of overheads is missing from your finance slide on where our money goes.</p>	2
<p>A commitment to do things differently.</p>	1
<p>Efficiency – strive to provide the services customers want in an economic and efficient manner.</p>	1
<p>A commitment to meet statutory obligations.</p>	1

Respondents also made a number of comments specific to the Open aim.

Ensure that there is transparency in all aspects of council decision making	15
<p>Information must be presented clearly, to ensure good decisions are made. Information about the council's work must be easier to find and understand. Strategies must not be written in superfluous jargon. Strategies are too long,</p>	4

and should be presented on 2-sides of A4 paper. Strategy consultations are too long, and not engaging.	
Engage – Ask people what they want BEFORE making any decisions. There is a feeling the council is cavalier in their approach.	3
All council meetings should be open to the public, including digitally via Zoom, and if not, a good reason should be given why not. Members of the public should sit on scrutiny groups.	2
Information regarding decisions to be made that affect local residents is a top priority.	2
Don't be afraid to make decisions, especially for fear of upsetting certain groups.	1
Promote openness about our relationships and work with Partner Organisations.	1
Decision making about people's lives e.g. social care boards needs to be transparent too. Not just governance.	1
The administration is, and has been, good at saying "transparency" but little evidence it really believes it.	1
Have referendums on local issues.	1
Listen, learn and respond to our residents, promoting opportunities for a two-way conversation	52
The council does not listen to residents or local councillors – the roads are not swept, weeds are not treated, towns look shabby and uncared for, you allow development against the wishes of local residents. The council must actually listen to what residents are saying, and must demonstrate it actually listens and takes note of public consultations, and acts on feedback. It must actually listen and take seriously what is said, instead of ticking boxes and carrying on regardless. Do something about complaints. It's great to have the opportunity to contribute and be heard, but from experience nothing ever comes of any of it – people are consulted, and then the council does whatever it was going to do anyway. If there is no possibility of anything changing based on what we suggest, then save the time and money it costs to do the consultation in the first place as it's just a waste of money. Understand what people want – get out there and ask them face to face, surveys are limited. Have a greater focus on digital reach.	19
Listen to ALL residents – not just those 1 or 2 that shout the loudest or send the most e-mails. The council has an unenviable reputation for only listening to those they want to hear from. Listen to Town & Parish Councils too.	10
Make it easier to provide feedback – There needs to be multiple ways to engage residents so that it is not only those who will fill out surveys who have a say. Have outreach/pop up sites so that residents can offer feedback. Have periodic meetings where local businesses can have a platform where they can be heard and given advice and guidance.	5
Co-production – More co-production to involve communities in decision making is needed with people who access your services, front-line staff, and with service providers. Empower people to make decisions on key priorities, empower communities to take action, organise and support each other.	5
Councillors do not listen – Local councillors do not reply to emails, it is not possible to have any dialogue with councillors with the current systems in place – I can't get to speak to anyone. There is no feedback or the opportunity to	5

obtain any. Ensure local councillors have the same commitment to good, honest and reliable communication with residents of their area. Introduce a measure that demonstrates where members do, or do not, engage pro-actively and effectively with their residents and Town and Parish Councils. Boost the support to elected representatives in carrying out their democratic role in the communities they serve.	
Staff to answer telephones – Staff at the moment are defensive, work covertly and do not engage.	1
There needs to be an open and honest 2-way conversation – Hold meetings to discuss the top 5 issues, invite residents and get show of hands. Hand out questionnaires at councillor surgeries etc, be innovative, be the best.	2
True engagement hard to achieve – Even though we should continue to strive for as much engagement as possible, the council shouldn't allow itself to become either slowed down or mis-placed in its focus. Some statutory decisions, or things that can't be funded, shouldn't be engaged on.	2
Cheshire East Exposed – Engage with them and meet them, get them onside.	1
Planning department – Needs to listen more, which they don't.	1
Website – Difficult to navigate.	1
Support a sustainable financial future for the council, through service development, improvement and transformation	4
Publish all accounts. The financial side of Council life is over complicated in a way that makes residents not understand or be interested.	2
This priority doesn't seem to fit within this aim really.	2
All I have seen over the years is money wasted on overpaid consultants, unnecessary restructures, unnecessary expenditure, privatisation, and more. I am not confident that any of those things are likely to change so feel these are empty promises.	2
Maximising commercial opportunities for the council	18
Not sure why this objective is included in the "Open" aim? Take it out, move it elsewhere.	2
Maximise – Do not like the use of this word, it has the wrong connotations. Could be better expressed as "exploit commercial opportunities where appropriate to support sustainability of the Council's finances". "Maximise" has the wrong connotations	3
Unsure what "Commercial opportunities" are? More fines? Bigger jumps in Council Tax costs? More and higher car park fees?	2
Commercial investment often ends in failure or become a drain in finances in future years e.g. Robin Hood Energy, investments in shopping malls. Read Private Eye for examples. Commerciality shouldn't come at the expense of safeguarding requirements.	3
Listening to residents and businesses is vital. Commercial enterprises must involve the community.	2
Stop outsourcing, it's not cost effective, nor "morally" right. Concerned too many services are run by wholly owned companies of the council, where board members and officers are paid by the council, and yet the council have very little opportunity challenge them to make certain they are giving the residents the best service value possible for their money. It is the Council's responsibility to spend its precept in delivering stated services not maximise profit by setting up separate satellite companies with a profit motive	3

Any commercial activity must be transparent.	2
This is not a valid objective.	1
Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	17
Support staff who have to make key decisions. Listen to the workforce and ask them for ideas, and show you are listening to them.	5
You say you will support and develop the workforce. While we continue to be underpaid and overworked under an ever-decreasing workforce, it is meaningless.	1
Staff need motivating – Some seem not to care about providing a good service.	3
Staff seem unfamiliar with the towns they make decisions about, and need to be made familiar about the towns they make decisions about by visiting them. Examples include roadworks diversions going the wrong way, roadworks left for weeks with no one checking if they are being completed, towns not being kept tidy, potholes not being repaired, buildings becoming derelict.	3
Employ staff who work hard, and who are not driven by politics. Get more people actually doing the work/ job instead of talking about it and making lots of documents and presentations.	2
Invest in technology to empower employees.	1
Ensure that council employees have sufficient training and support in the public arena e.g. ensure legal representation is available at ALL appeals.	1
Media training - Give it to staff.	1
Promote the services of the council through regular communication and engagement with all residents	13
Communicate better, with residents and communities, and town and parish councils. Have meetings on specific areas e.g. theatre/the arts, local business, community organisations, marginalised communities. Communicate better during emergencies e.g. covid. Keep communications simple and cost effective.	7
Make it easier to report issues / get access to the council.	2
Communication during the pandemic has been poor.	1
How will residents be made aware of "what is going on" e.g. how will a policy of openness be made manifest – regular mailshots, e-mails, newspaper articles, phone calls?	1
Resources should go into showing residents good services rather than communications on everything we are doing, much of which people may not be interested in.	1
Key services – Need to advertise key services, like dementia services, better, so people who need them get them.	1

Feedback on “Fair”

In the survey conducted as part of the engagement, respondents were asked the following questions about the Priorities under the aim “Fair”:

- Do you feel there are any priorities missing from this aim?
- How could the priorities be improved to ensure the council delivers this aim?

Firstly, respondents made a number of general comments in response.

General views on the Corporate Plan	15
All sounds good and laudable, the aims are good. If achieved it will be great.	10
This isn't an aim, this is a legal obligation! (A council which empowers and cares about people).	3
Fair – Ensure everyone across the whole borough has the same opportunities.	1
Writing style – Bullet points in the plan are written in different styles, some start with action words, others don't, but could be rewritten to start with an action word which gives a better sense of cohesion. Feels like they are written by different people.	1
Deliverability	65
Funding – How will this be funded, how will spending be measured? Where are the trade-offs to deliver the promises? Be up front about funding, especially for social care - we need to either pay more base rate income tax, or higher council tax. Budgets need to be spent wisely, focused and not wasted. When it comes to fairness, a lack of budget leads to inequalities – this will always be the case.	23
"Talk is cheap", "actions speak louder than words". It all sounds good on paper, but more practical details about how it will be delivered are needed. Be specific – how will it be achieved? Similar plans have failed to be actioned in the past. It seems unachievable, wishful thinking.	18
Performance Indicators are needed to show how it will be delivered, and these should be made public too, so people can keep track with progress. There should be updates on these indicators, perhaps every 6 months. Statements of intent are fine, but tangible, visible, and useable results are paramount, to see if the council is achieving these laudable aims. People need to see action. Make people and services accountable for the indicators.	12
The content is vague, aspirational, lacks clarity and is “airy” in phrasing. For example what inequalities are to be reduced, and by how much? How will youth opportunities be increased, and what measure (number attending universities, Russell group, getting jobs from school)? How will reducing children in care be measured (less living on streets, more getting jobs, more staying away from criminal justice system)?	3
CEC has a poor recent record on social care.	2
Bureaucracy needs reducing – have less meetings.	1
Stick to the plan.	1
Rank the priorities – It would be useful to know how they are ranked against each other.	1
The council should be doing all this anyway.	1
Additional sports & leisure facilities are needed.	1
Poverty - How will the council eliminate poverty and inequality?	1
Reducing inequalities would reduce demand on social care services.	1
General missing aspects	25
Emphasis on improved communication. Keep the lines of communication open between service providers, partners, commissioners, and users of the services. The council needs to better promote the services it provides, and clearly explain who is responsible for what e.g. the council or NHS etc. "My Account" sounds good, but shouldn't associate solely with money.	6

Emphasise individual responsibility – People have to take responsibility for making the plan work, it's not a case of the council doing everything for them. The language used in the document is not empowering e.g. "adults receive quality assessments", and "are involved in...". There is nothing included about lifestyle training/education to empower people to take responsibility for their own futures, which is important to reduce dependency on the council and other institutions. To empower is about encouraging the right choice in taking and care of oneself.	5
Structure / Team efficiency – Structures need simplifying, there are too many departments and teams, focused structures are required to help to deliver. Improve efficiency by cutting out the red tape between one department and another, and by improving teamwork, and staff continuity.	5
Ask stakeholders what they want / need, every household should be asked what they need, the only communication they get is at election time. Listen.	4
Commissioning - Stop renewing suppliers every 3 years.	1
Councillors - Need to be better organised, seen to work for their communities with less "political backchat" in the local press.	1
Follow best practice from other Local Authorities.	1
Covid-19 – A section on post-covid support is needed e.g. support for mental health issues.	1
Promotion of equality, diversity and inclusivity needs adding as an aim.	1

Respondents also made a number of comments specific to the Fair aim.

Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including dementia services	24
Emphasis on social care, and care of older people, is needed within this heading (the perception is adults aren't focused on as much as children within this aim – this is a key concern). It is felt that most of this aim talks solely and exclusively about children; there is almost no mention of Adult Social Care which is really disappointing. More emphasis on adults is needed given changing demographics, and an aging population. It gives the impression that up to age 18 we really care, 18-64 not so much and over 65 we don't care at all. Suggested re-words for the fourth priority included "safeguard people of all ages from abuse, neglect and exploitation", or "Cheshire East seeks to protect adults at risk to live in safety, free from abuse and neglect"	8
Don't privatise this industry – the council should run more full-time care facilities not less (less run by private companies).	3
Long term care, and special needs care, must be provided on a case by case basis. Programmes need to be able to respond to the needs of each individual to maximise their potential. A priority is needed around delivering for these people. It should also be about implementation.	3
Social care services do not listen and do not care. Care has been reduced except for the very, very vulnerable. Care in the community should be just that, with all needs met. The council and government have fine words and plans, but in reality care is lacking or not there.	3
Home carers need more support, including for illnesses that are not severe. Value people who provide adult social care by offering incentives and support.	3

Create communities where older people feel worthwhile and can offer their experience and skills.	1
Don't "farm out" care into the community, this places too much reliance on the family to provide the care assisted with care packages which are provided by companies only interested in making a profit. Unfortunately the profit always comes before the care and although this all seems wonderful in the real world it doesn't work.	1
Extra Care Housing – don't put all your eggs in one basket by focusing on extra care housing, we need much more variety and choice to meet a range of requirements.	1
Why would the reliance on long term care be reduced by having services closer to home?	1
Safeguard our children from abuse, neglect and exploitation	4
Adults safeguarding – Suggested re-words for this priority included "safeguard people of all ages from abuse, neglect and exploitation", or "Cheshire East seeks to protect adults at risk to live in safety, free from abuse and neglect".	4
A commitment to protect the most vulnerable people in our communities	42
Vulnerable – the word vulnerable is offensive to many and vulnerability may be seen to be contextual rather than innate. Include people in the decision making. Make sure those with long term illnesses don't become victims.	3
Domestic abuse – Domestic abuse is a major issue for many adults and children in Cheshire East and it should be highlighted as a key priority moving forward. Raising awareness and providing interventions and support for everyone affected by domestic abuse should be at the top of the agenda for safeguarding, social care and community safety. The current commissioned service for Cheshire East provides vital support in this area, it is very concerning that there is no mention of this in the actions. Studies show a direct correlation between regular instance of domestic abuse and child abuse. There should be a healthy relationship focus in schools.	13
Mental health – No mention in the plan, what are the council doing to help support this? Better provisions are needed, including for young people.	5
Housing – Improve the choice for those on low incomes, provide more affordable homes.	4
Autism – An Autism Strategy is needed. Specialist understanding of needs is required.	3
Drug / Alcohol addiction – Not mentioned in the strategy.	3
Homelessness – Not mentioned in the strategy.	3
Unemployed – Retraining and support for adults through their working lives. Working with colleges and employers to identify skills gaps and offer retraining opportunities.	2
Dementia – Not mentioned in the strategy.	1
SEND – Not mentioned in the strategy.	1
Cancer patients – Not mentioned in the strategy.	1
Fostering – Not mentioned in the strategy.	1
Child pregnancies – Not mentioned in the strategy.	1
The non-academic – Better education needed for those who are not academic, as they can be vulnerable.	1

All children to have the best start in life with ongoing opportunities to maximise their potential	11
SEND – Schools especially academies are getting away with ignoring SEN children and also ignoring vulnerable children and academies get away with it. Some schools ignore this and pretend the child does not have it or that they have not seen anything out of the ordinary – children getting referred to SENCO far too late and the school saying it can't provide the additional support as it doesn't have the money, staff or space etc. Have more assistants in schools to help children very early with ASD, ADHD, Dyslexia identification and support. If more support was given by schools, then there would be less family crises.	5
SEND - The SEND department has been a disaster with so many staff changes and policies, but very little actual improvement seen on the ground. Why can't the send team actually speak to the families they are supposed to help? Why can't you ask us what the problems are, or even 3 main problems, and try and fix them. The SEND team response time is very slow. Need to get rid of the discrimination of Cheshire East staff against SEN parents. Need to provide actual services to help without blaming the parents. Staff turnover in this area has been bad, parents need more support.	
Parents – Children having the best start sometimes depends on parents getting the support they need.	2
Children are the future, and should be nurtured. Education is key to achieving this aim.	2
Provide more specific special schools, Cheshire East have massively reduced number of special schools compared to other councils.	1
Prioritise youth and employment over the old and infirm, especially re. covid-19.	1
Increase the life opportunities for young adults and adults with additional needs	2
Education – Good apprenticeships are vital, people leave university with limited prospects.	1
The detail about life opportunities seems to be for young people/adults rather than working age adults – this needs to be expanded so more people of all ages can be aspirational and have good lives.	1
Be the best Corporate Parents and improve outcomes for vulnerable children and young people	3
Corporate Parents - Dislike this phrase immensely, sounds awful. Not sure what it means, outside of the Local Authority there are very few people who know what this means.	3
A collaborative way of working with partners to support communities to achieve their full potential	12
Communication – How will Partners and voluntary organisations be communicated with and included. The council must be transparent about who it works with.	2
Organisations to work with include the NHS, Dane Housing, Age UK, Visyon Limited.	2
Some local organisations have had to shut down during covid-19 e.g. The Child Contact Centre.	2
Partners should be made accountable.	1

Give Community staff greater access to Local Authority and NHS services.	1
Empower communities to support each other. Build community integration to enable support for all.	1
Dementia support – Services for care facilities and dementia support will be provided by whom?	1
Give more support for non-profit and voluntary organisations.	1
This priority means nothing.	1

Feedback on “Green”

In the survey conducted as part of the engagement, respondents were asked the following questions about the Priorities under the aim “Green”:

- Do you feel there are any priorities missing from this aim?
- How could the priorities be improved to ensure the council delivers this aim?

Firstly, respondents made a number of general comments in response.

General views on the Corporate Plan	26
Co-production needed to ensure delivery – The council cannot achieve these aims on its own, it needs buy-in from all others, it shouldn't just be council run, should be co-run, it must be delivered through democracy and partnership. This is especially applicable to the "green agenda" – this is an issue that can be achieved through work and co-production with communities, get people from each area behind the plan to ensure it, and change, is delivered. Have more consultation – Consultation is critical so that expensive and unnecessary mistakes/errors of judgement based on needs in times past are not made, also seek the views of residents, young people and businesses too. Some areas feel forgotten – This plan doesn't relate to Crewe.	15
Looks good, hope this can be achieved, stick with it. Objectives are good. Promote pride in the borough!	10
Writing style – use/non-use of action words at the start of bullets and priorities etc. Re-writing would give a better sense of cohesion.	1
Deliverability	28
It all sounds good on paper, but is it realistic / achievable? Proof of the pudding is in the eating. Much more detail is needed to make the document useful – this consultation document is not a preparatory vision it is a stimulus to focus group discussion. The priorities seem to be aims to deliver aims. Priorities that have a dose of realism are much more likely to be achieved and celebrated.	16
Performance Indicators needed - Reported every 6 months? Reasons must be given for failure to hit targets. Targets shouldn't be at the expense of people's lives. SMART targets needed. More public scrutiny needed. Council needs to feedback they are doing well.	8
Funding – How will proposals be funded, who will pay for it? Spend wisely, focused and not wastefully.	2
The aims are too ambitious to be achievable.	1
Aims should be achieved already.	1
General missing aspects	16

Economic and employment strategy – This seems to be a significant omission from the whole plan, here's the emphasis on improving employment opportunities? There is no vision on what/how additional jobs can be attracted or generated in the area. For example, no reference to C&WLEP Strategy or developing Local Industrial Strategy e.g. what sectors do we want to expect to be able to attract or expand in next five years. In the next 20 years it feels like the economic devastation wrought by the coronavirus pandemic may be the single most pressing issue for our young people. A thriving economy needs to be sustainable.	5
Rural economy / farmers / rural villages – Show support for them. Farmers are continually blamed for excess emissions, we need to value them more. The urban economy appears to get most money. We need to be careful that rural, country areas are looked after, many services there are cut to the bone now.	4
Education of environmental issues, for Councillors, partners, children.	2
Social elements that make a place thrive – There needs to be more emphasis on people and inclusivity in "Green", it's currently too heavily focused on environment.	2
Ensure CEC is a fully resilient community by 2024 – so that CEC residents will be secure against flooding, food shortage and other potential future shocks from man-made and natural calamities.	2
Cultural change within the council is needed to deliver a green agenda.	1

Respondents also made a number of comments specific to the Green aim.

A great place for people to live, work and visit	39
Green spaces – These are not mentioned in the plan, greater access to green spaces is needed, including increased access to parks for children. Residents must have increased access to nature and wildlife, and be protected from sprawling urban areas around us - stop new housing developments. More green spaces needed in Crewe. This is essential for good physical and mental health, something emphasised during covid-19.	11
Greenbelt – Stop building on greenbelt land, build on brownfield sites as a priority. Too much land has been lost to housing. Stop over building / over developing, stop blending villages into urban areas (e.g. Crewe).	11
Planning – Town planning needs to be better, the council keeps building new houses, without providing the supporting infrastructure like schools, GP surgeries, dentists, roads, prisons, green spaces, public transport etc. There is a disregard for due process within planning. The council must listen to residents on this issue. Housebuilders must do more as they make huge profits.	9
Housing – Must be built to high environmental / green standards. Important to get this right. Affordable housing is required. Need more than 500 social houses a year.	4
Empty / derelict buildings – Need improving, Albion Mill in Macclesfield is run down.	2
A great place – This is a very loose priority, more detail needed.	1
A great place to live, work and visit – Each of these should be dealt with separately.	1
Welcoming, safe and clean neighbourhoods	32

Street cleaning, road maintenance and repair, verge maintenance, litter picking, dog-fouling, road markings and town cleanliness – These issues are not mentioned in the plan but are a very high priority for residents. Some feel places look shabby – how places look is important for how residents feel about their local places.	15
Police – More are needed to ensure safety, and to reduce the crime rate. Drug dealing and using in public is a problem in Congleton, and some do not feel safe in Crewe. More street lights are also needed.	11
Air pollution – Specific reduction targets are needed. Ensure data reported is accurate. There are areas where air pollution is too high currently and will only get worse.	5
Fly tipping – Have innovative schemes to reduce it.	1
To reduce the impact on our environment	11
Waste / recycling – An important issue which needs improving.	3
Encourage more working from home through innovation and technology.	2
Biodiversity – There is a lack of understanding of what this is, from my experience this is something which most councillors simply do not understand, or in some cases just don't care about. I have heard areas of largely sterile grassland being described as natural assets, and areas of scrubland (with high biodiversity) being described as unattractive and ripe for development.	2
Encourage green business.	1
Supermarkets / shops must be encouraged to use environmentally friendly packaging.	1
Shouldn't this aim be combined with "to be carbon neutral by 2025?"	1
Energy creation – Encourage solar and wind power in homes.	1
A transport network that is safe and promotes active travel	79
Public transport – An integrated public transport system is needed to reduce reliance on cars, as people are forced to use cars. Public transport needs to be affordable, frequent, reliable, with more routes provided – No one uses public transport currently. The transport system should be subsidised and not run by companies only interested in making a profit. Public transport is needed in rural areas too. The public transport system in Greater Manchester is much better.	21
Active Travel – The promotion of this needs to be tempered with the reality that this is a largely rural area, where some form of personal motorised transport is essential to the vast majority. No form of public transport could be comprehensive enough to replace this, and the bicycle is certainly not a practical solution, except in very limited cases, and when it isn't raining! The term "Active Travel" will be meaningless to most readers. Active travel needs more promotion. How will transport requirements be impacted by changes as a result of covid-19, with more people working from home etc?	4
Walking, Cycling provision – More, safer routes are needed to encourage people to walk and cycle more – it doesn't feel like much thought or time has gone into this priority within the plan, it feels very generic. Dedicated cycle lanes are needed, and cars must be stopped from parking in cycle lanes. Paths must be made more accessible for the elderly, disabled, and those with buggies. On the other hand, cycling and walking is not for everyone.	20
Traffic planning – Better traffic planning is needed to reduce traffic and avoid congestion. The whole transport system needs improving, updating,	10

subsidising and making more available to all. Reduce the speed of vehicles, the amount of lorries, have traffic calming schemes in place.	
Buses – Better bus services are needed, current service provision is impractical to use for daily journeys e.g. a 20 minute journey by car can take 2+ hours by public transport. Late evening services are needed too. Places needing a better service include Alderley Edge, Crewe, Macclesfield, Stoke.	9
Electric vehicles – On the one hand improving the electric vehicle infrastructure is vital to enable more people to buy them, we must stop “demonising” cars as they are getting much greener now, and older / disabled people are reliant on cars and cannot walk/cycle. On the other hand electric cars are not "green" or sustainable – a battery does not last forever, comes from a lithium mine which is not "green" at all, and is then shipped/flown around the world to the UK. Hybrid cars still use fossil fuel to generate electricity, and has then to move a heavy battery around so inefficient.	9
Car parking – Important to get this right. Charging for it will cripple town centres. Charges must be lowered to encourage town centre use.	4
Road surfaces – Improve them, they are poor. Speed up fixing them.	3
Thriving urban and rural economies with opportunities for all	7
Crewe – Crewe Town Centre is like a demolition site and has been neglected for years. I am fed up with empty promises of regeneration which never happens. You need to be open and honest and tell people what is going on. Crewe is not thriving, it is dying. How are you going to make towns like Crewe a great place for people? There are few shops, little parking, gangs roving the streets, little greenery, poor roads, poor pavements, cars parked illegally, slum houses (houses of multiple occupancy). But all is to be changed by building a Cinema and a Bowling Alley in the middle of town!	5
Ensure smaller towns such as Sandbach are not neglected at the expense of larger ones like Macclesfield and Crewe.	1
Town centres need improving, especially the deprived areas.	1
To be carbon neutral by 2025	28
This is a very ambitious aim, is it achievable in 5 years? When you drill down into the detail this is not possible – how is it possible with all the road and house building going on? 2028 - 2030 seems like it would be more realistic and affordable. It's laudable to want to reduce our environmental impacts but we need to live in a real world – massive changes in carbon emissions will require huge central government commitment and money. This does feel like a futile effort in the global environmental emergency fight – Much bigger countries need to do far, far more. What are the financial benefits of this aim, especially in times of financial hardship? What is carbon neutrality? One of the biggest moves would be to get rid of all gas boilers, how will you encourage that? Farmers and taxpayers will be heavily hit by this aim.	20
A practical plan to reduce global warming is needed, including more clarity about how this will be achieved.	2
Climate change – Is real, and we should introduce polices to combat it and rising temperatures etc.	2
Carbon stores – More should be done to protect the borough's carbon stores, such as the areas of peat and moss land e.g. Wybunbury Moss	2
Council vehicles – Acquire or hire non carbon fuelled vehicles including vans trucks and HGVs for council use.	1

Carbon offsetting – It is incorrect to suggest that carbon offsetting of 7000 tonnes may be achieved by tree planting etc. Friends of the Earth and the EU have shown that carbon offset works in very few cases. Pinning a net zero carbon emission on carbon offset is not a good idea.

1

Appendix 3 – Social media feedback

Throughout the engagement period, a total of 40 posts were made across Twitter and Facebook to promote the topic, and generate discussion.

In response a total of 28 comments were made by social media users – 19 comments on Facebook, and 9 comments on Twitter.

The majority of the comments made in response to the posts had a negative sentiment, respondents were quite passionate with their negativity. 24 of the comments have been grouped into categories below.

Extremely negative	10
Stop charging ridiculous amount council taxes for nothing getting done around Cheshire.	
They couldn't run a corner sweet shop!!!!	
They couldn't run a bath! - So True! Well said Sir!	
None of them sound convincing. All reading from a script!	
They really should be wearing their official regalia for this video.	
	
Clueless. Completely out of touch.	
Yeh yeh.	
As Buddy Holly sang, That'll be the day!	
Cynicism towards the engagement process	5
A pointless exercise for them to then do as they please...	
We want your views... Another pointless box ticking exercise.	
Wow... 3 minutes to my life I won't get back!	
Are you having a laugh? This is nothing more than a token PC box ticking exercise. Regardless of what honest living folks say, you're just going to do what you want anyway.	
They will spend a year having meetings over the meetings to do with the meetings about the meetings to see if the meetings about the meetings have come to the conclusion THEY WANT!!!!!!	
Comments about council priorities	9
Just empty the bins and fill the potholes.	
Your priorities never seem to match that of the electorate!	
Stop charging ridiculous amount council taxes for nothing getting done around Cheshire.	

This is a spoof post surely? Given the state of your planning dept, highways dept and lack of disclosure from recent investigations into council officers on long gardening breaks CEC need to radically address what you are actually for.

I wrote to you CEC, about the unnecessary, over zealous mowing & cutting of wild areas in Upton, Macclesfield, but haven't received a response. I think more areas need to be left to nature & our wildlife.

Then stop taking green belt and building ticky tacky boxes on flood land. You haven't listened to residents who highlight the issues. You deny them but a few years later after planning given you realise you were wrong.

How about sticking by your Right Of Way policy document (section 4.2.23) and actively promote equality for disabled people even where that involves treating disabled people more favourably than other persons. You could start by stopping the pavements being blocked by cars.

(There are) no businesses left (in) Cheshire East and national government have seen to it.

What about support for Congleton FC

Appendix 4 – Engagement evaluation metrics

The below sets out the engagement evaluation metrics – actual compared to the targets set before the engagement.

The targets were set by the Communications & Research and Consultation Teams, and were set out in the Engagement Communications & Engagement Plan.

Measure (s)	Target	Actual
Total engagement responses	400	627
Survey and storyboard responses	-	501
Conversation With event attendees	100	83 – including Councillors (39) and employees (44)
Email or letter responses	-	32
Engagement Hub comments / likes	-	11
Launch video views	100	334
Other video views (x2)	200	148
Media releases – number of placements / positive pick up	10	23
Twitter engagement	-	No of posts = 24 Total impressions = 43,073 Total replies = 20 Total likes = 19 Total shares = 47 Total clicks = 575
Facebook engagement	-	No of posts = 16 Total reach = 31,362 Total likes / reactions = 31 Total comments = 55 Total clicks = 1,809 Total shares = 17
Staff Team Voice & Email opens / Click throughs	1,500 / 300	4,632 / 119
Sentiment of coverage	Positive = 80% Neutral = 20% Negative = 0%	Positive = 100% Neutral = 0% Negative = 0%
Sign-ups to digital influence panel	20	23

Cheshire East Council
Corporate Plan 2021-2025

Open **Fair** **Green**

Our Vision An open, fairer, greener Cheshire East

Open

We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East

Fair

We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents

Green

We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development

Our Priorities

An open and enabling organisation

- Ensure that there is transparency in all aspects of council decision-making
- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
- Support a sustainable financial future for the council, through service development, improvement and transformation

- Look at opportunities to bring more income into the borough
- Support and develop our workforce to be confident, motivated, innovative, resilient and empowered
- Promote and develop the services of the council through regular communication and engagement with all residents

A council which empowers and cares about people

- Work together with residents and partners to support people and communities to be strong and resilient
- Reduce health inequalities across the borough
- Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
- Be the best Corporate Parents to our children in care
- Support all children to have the best start in life

- Increase opportunities for all children and young adults with additional needs
- Ensure all children have a high quality, enjoyable education that enables them to achieve their full potential
- Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services

A thriving and sustainable place

- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- Reduce impact on the environment

- A transport network that is safe and promotes active travel
- Thriving urban and rural economies with opportunities for all
- Be a carbon neutral council by 2025

Our Values

We are flexible

We innovate

We take responsibility

We deliver the service that customers need

We use effective teamwork

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Cheshire East Council

Corporate Plan 2021-2025



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Open

Fair

Green

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Our Values



Foreword

Welcome to our new Corporate Plan for 2021-2025

The Covid-19 pandemic has allowed us to re-think what is important for Cheshire East. We have seen great community spirit, people helping people, businesses helping businesses and our staff and partners going the extra mile in unprecedented circumstances.

We want to build positively on the changes we have seen in the last few months to how we live, learn, work and travel.

The Plan is based around a key vision of being **open, fair and green**, leading to the following strategic priorities:

- An open and enabling organisation
- A council which empowers and cares about people
- A thriving and sustainable place

In this Plan, we explain why we think these things are important and what we think the actions should be to deliver a more sustainable, happier and fairer borough over the next few years.

The new vision reinforces the council's commitment to meeting its equalities duties; promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics. We also recognise that the wellbeing of residents is vital to a thriving place and economy.

We want to build trusting and constructive relationships between the council and the voluntary sector, promoting community activities and great places to live. We want Cheshire East to be a place where everyone can thrive.



Sam Corcoran
Leader
Cheshire East Council

Craig Browne
Deputy Leader
Cheshire East Council



Lorraine O'Donnell
Chief Executive
Cheshire East Council



About the Plan

The Corporate Plan is the council's overarching strategic document. It is the only plan which covers the full range of the council's responsibilities and is an important tool to set out our ambitions for the borough and help focus our effort and resources on the right things. This is even more important in the context of constrained budgets, increases in demand and rapid change.

By prioritising a clear set of commitments and actions, the Corporate Plan also helps residents to hold the council to account for its performance and challenge it to improve.

The Corporate Plan informs other key strategies and plans, whether council documents or those of our partners. These documents vary widely in purpose, scope, and lifespan.

The Corporate Plan does not replace these other documents, but it should shape them whenever they are being updated.

Good strategic planning also means aligning financial and service planning. **The council's day to day budget for services is £301m per year**, excluding schools funding. In addition, we are investing £500m in major projects such as roads, town centre regeneration, infrastructure and schools. This plan has been developed alongside the Medium Term Financial Strategy and will be agreed alongside the Budget by the full Council in February 2021. More detail can be found on page 10.



Consultation and engagement

Thanks to all those residents, partners, councilors and staff who responded to the consultation.

The vast majority of responses were very positive about the vision of this Council going forwards and included many detailed comments and suggestions.

These have been fully considered and changes have been incorporated to reflect these views.

Our Journey

Cheshire East is a great place, full of potential. We have strong employment opportunities, attractive places to live and standards of education are high. The challenge is how we maintain our position, continuing to create sustainable growth that will support the wellbeing of our residents and the economy on which that depends, whilst protecting existing residents and green spaces.

We are proud that the borough has one of the most successful and resilient economies in the UK which was valued at £14.4bn at December 2019 (Gross Value Added). Our economy includes successful multinational companies such as Bentley, Waters, Astra Zeneca, Barclays, Royal London, Mornflake as well as a buoyant range of small and medium size enterprises. Furthermore, the borough has a rich cultural, heritage and visitor economy which contributes more than £920m to the overall economic output of the borough.



Our borough is home to 380,800 residents and more than 175,000 households. It contains the major towns of Crewe, Macclesfield, Congleton and Wilmslow (with populations above 20,000). There are also a number of other significant centres of population (over 10,000) in Sandbach, Poynton, Nantwich, Middlewich, Knutsford and Alsager.

Whilst the population is predominantly White British (93.6%), Cheshire East is becoming an increasingly diverse borough due to its proximity and continually improving transport links to Manchester, Birmingham and London. It is also the home of choice for many migrant communities from across the world.

Whilst most residents enjoy a good standard of living, there are pockets of deprivation, which impact on the quality of life and opportunities for some people. Average life expectancy varies from 74 years in the most deprived areas to 83.3 years in the most affluent.

An ageing population comes with its own challenges and, following national trends, we see increasingly complex needs across all age ranges. Similarly, we have seen an increase over recent years of children coming into care, with 542 children (September 2020) currently being fostered or in other care arrangements.

Maximising our opportunities and overcoming our challenges will take time. Whilst it is right to be ambitious, we can't do everything at once, or without our partners and we know resources will remain constrained for the foreseeable future.

We are therefore setting a clear new vision for Cheshire East, one which sets out what we want both for the area, and for the council as an organisation.



Opportunities and Challenges

Opportunities

A great location – Cheshire East offers a range of attractive and vibrant towns that are well connected to the major centres in the UK including Birmingham, Manchester, Liverpool and London. These great connections will be further enhanced with the delivery of HS2 which will also act as a catalyst for sustainable and inclusive growth across the whole borough.

Environment – Cheshire East is home to some fantastic natural assets including part of the Peak District National Park, the Cheshire Plain, areas of outstanding natural beauty and a wealth of historic buildings. The borough is also leading the way in environmental management and clean growth and there are significant opportunities to deliver sustainable and inclusive economic growth.

Economy and Inward Investment – The borough is home to a number of thriving and successful sectors including life sciences, advanced manufacturing, digital and carbon zero industry. The combination of a vibrant economy operating within a beautiful environment with great connectivity is a significant asset that can attract more businesses to invest in the area which will provide more and better paid local jobs for residents.



Learning and skills: The area has a high proportion of good or outstanding schools (88% as of 2019), and excellent further and higher education colleges with a continual improvement in the percentage of students achieving A*-C in A-levels and a very high overall pass rate of 98%. The performance of students that take broad vocational qualifications e.g. BTECs is also high with an average pass grade of Merit which is in line with the national results.

Communities – Cheshire East has a variety of different communities, ranging from large towns to villages and rural settlements. There is a network of formal and informal community groups which together provide an enormous range of activities, support and services.

Digital revolution – new and emerging technologies are bringing opportunities to rethink how services can be provided. We want to improve

connectivity for all our communities and help residents and business to benefit from the convenience and flexibility it can bring.

Business investment – attracting businesses to continue to invest in the area, to provide more and better paid local jobs, and promote sustainable growth in sectors like the green economy, food and drink and the visitor economy.

Innovative staff – our staff have shown great resilience and creativity to maintain quality services. Constrained resources will continue to spur innovation in how we manage demand and deliver and fund services.

Partnerships – we have good relationships with our partners across the public, private and third sectors. There are opportunities to work together even better to deliver our priorities.

Challenges

Resource constraints – after a decade of unprecedented reductions in government funding, resources are expected to remain constrained throughout the timeframe of this plan.

Climate emergency – The serious impact of global warming is already evident. Urgent action is needed to avoid temperatures increasing to dangerous levels leading to increased flooding and extreme weather events. We need to recognise the role our open spaces play in assisting carbon reduction.

Housing – Cheshire East has a buoyant housing market. The challenge is to create a housing market in the borough that delivers the right type of houses in the right locations at the right price to support the needs of all our residents – existing and new. Furthermore, delivering the right type of housing is a key component in attracting people with the required skills and talent to support our local businesses. All further development in the borough needs to balance effective protection of our countryside and natural environment, support for the regeneration of our town centres and enable new houses to be well designed, carbon and energy efficient.

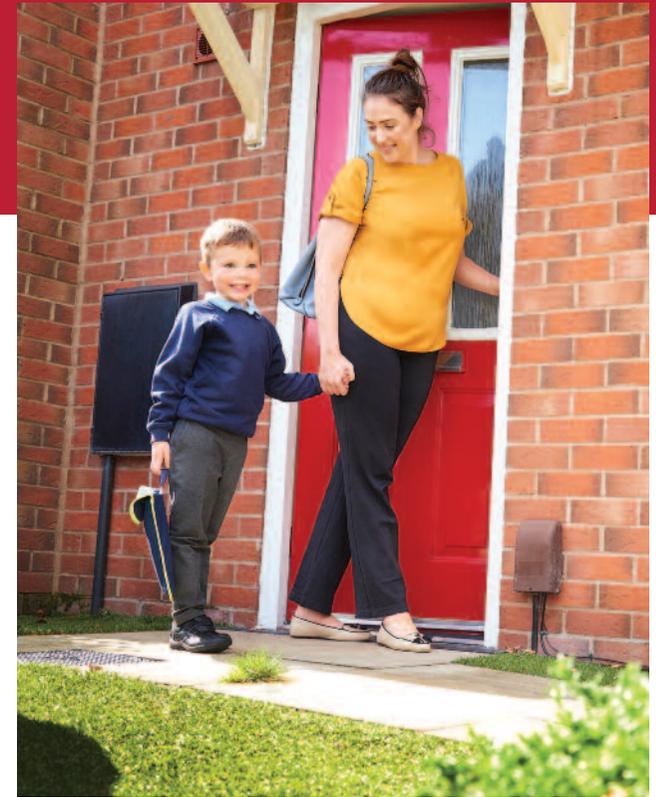
Fragile care market – locally and nationally care providers are under pressure. Delays in national reform of social care funding compound issues of rising costs, difficulty in recruiting and retaining care staff and presents a serious risk to the financial viability of care providers with providers failing, exiting the market and handing back contracts for provision of care services.

Local transport network – despite good strategic links, some transport routes in and around Cheshire East by road or public transport are not always as easy due to congestion and a limited commercial bus network.

Covid-19 – Our response to and recovery from the impact of the coronavirus pandemic continues into 2021. We continue to do all we can to support residents and businesses in our Borough.

Demographic change – Cheshire East's population is both growing and living longer. In many ways that is good news, but it does increase demand for health and social care services, school places and other services, and puts additional pressure on the demand for housing and on existing roads and infrastructure which are already over-stretched.

Inequalities – Cheshire East is a prosperous place, but it has pockets of deprivation in urban communities in income, health and life chances.



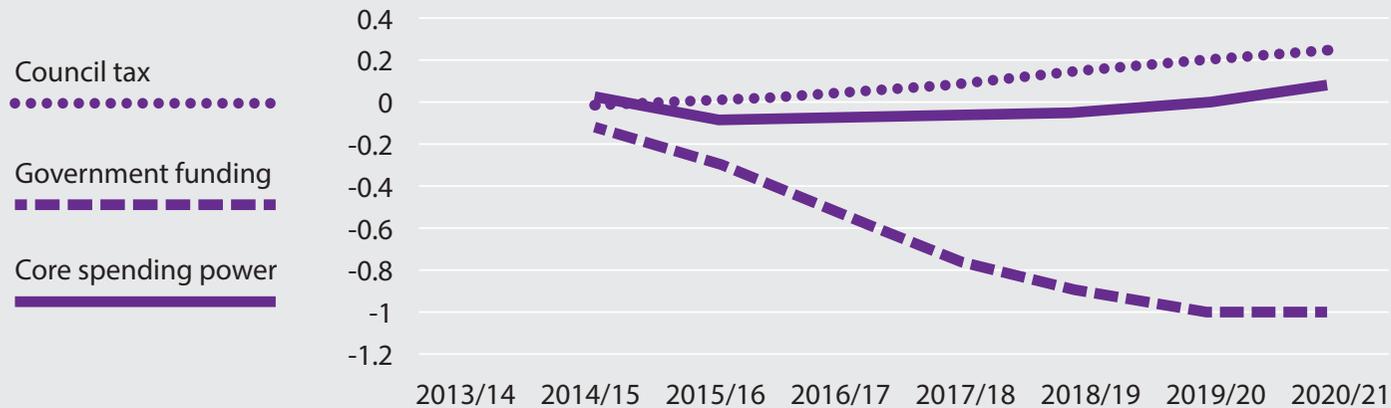
Patterns of inequality between areas have been persistent but are not inevitable. We want to tackle and reduce them.

Increased demand to services – locally and nationally over the past few years there has been a continual increase in demand to services that protect and support children and young people. Covid-19 has been an additional pressure for some families, so we can expect to see demand continue to rise. It is more important than ever to intervene early and effectively, providing the right support, by the right service at the right time, so we can help families be strong and resilient.

Government funding and local spending

There has been a sustained reduction in government grants over the last decade, only partially mitigated by permission to raise more money locally, through Council Tax and other sources.

Cheshire East Council - Revenue Spending Power, Government Funding and Council Tax



Between 2013/14 and 2019/20, central government grants to Cheshire East Council fell from £55.9 million to £0. Between 2010/11 and 2017/18, the net 'spending power' of Cheshire East Council fell by 6%.

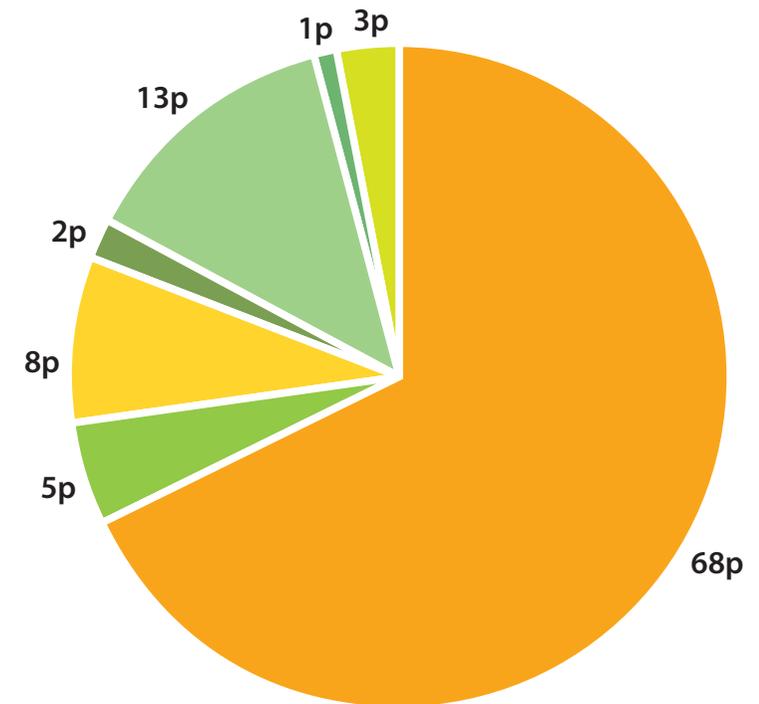
In order to meet this pressure, whilst meeting the needs of a growing population and unavoidable costs e.g. the national minimum wage, the council continues to drive savings and deliver efficiencies.

Against this background it is unsurprising that there are significant strains on capacity and budgets. Apart from adult social care, some of the biggest pressures are in children's services, particularly placements for looked after children and services for children with special educational needs, including home to school transport. New legal responsibilities in terms of special educational needs together with radical changes in the educational landscape, with more academies and a diminished role for the local authority have added to these pressures.

The government was expected to publish a four-year spending review in 2019, together with proposals for a new approach to funding social care. Instead, only a one-year spending settlement was announced. Whilst this provided some increases in funding for 2020/21, it relies on additional Council Tax being raised for Adults Social Care. That does not provide a sound basis for long term planning. More detail is in our MTFS document.

How is £1 of your council tax spent?

Social care services	68p
Waste management and street cleaning	13p
Education support like home to school transport	8p
Highways and public transport	5p
Museums, parks, libraries	3p
Homelessness and planning	2p
Licensing, elections, trading standards	1p
Total	£1



* The cost of overheads such as premises/finance/legal services are included within the figures in the table.

Our vision is for a more open, fairer, greener Cheshire East

Open

We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East

Fair

We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents

Green

We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development

Aims and Priorities

The vision is ambitious and long term and we want to start progressing towards it at once.

To help focus on the right things we have set ourselves three broad aims, each with a set of priorities. Achieving these priorities will help us to realise our vision.

Our aims are:

- An open and enabling organisation
- A council which empowers and cares about people; and
- A thriving and sustainable place

For each aim we have identified a set of actions and projects which we will strive to deliver by 2025. We have also identified a set of success measures to monitor our progress. These will be included in the council's Key Performance Indicators and built into the performance management and reporting system.



An open and enabling organisation

Priorities

- Ensure that there is transparency in all aspects of council decision making
- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
- Support a sustainable financial future for the council, through service development, improvement and transformation
- Look at opportunities to bring more income into the borough
- Support and develop our workforce to be confident, motivated, innovative, resilient and empowered
- Promote and develop the services of the council through regular communication and engagement with all residents

Case Study

In August/September 2019 the council undertook its third public consultation on the draft site allocations and development policies document (SADPD). This resulted in over 2,700 responses, each of which was fully considered. As a direct result of the feedback received and having reviewed the latest housing figures, a number of significant revisions are now proposed to this document. Most notably, Green Belt sites in Local Service Centres that were to be released for immediate development are now proposed to be removed.

Facts and figures



The council employs over 3500 people working across around 500 services.



The council consistently exceeds the response rates required by the Information Commissioner's Office to Freedom of Information requests, achieving 96% in 2019/20 against a target of 90%



For 2019/20 85% of customers were satisfied with the service received through our customer contact centre.

By 2025 we want:	Actions and Projects	Measures of success
Priority: Ensure that there is transparency in all aspects of council decision making		
The council to be seen as being a fair open and transparent organisation and able to demonstrate it	<ul style="list-style-type: none"> • Implement a new committee system by May 2021, replacing the Cabinet system • Implementation of open data actions 	<ul style="list-style-type: none"> • Number of remote meetings held (whilst permitted by regulation) • Timely response to Freedom of Information requests performance indicators • Proactive press statements issued
To increase local democracy	<ul style="list-style-type: none"> • Working in a more collaborative way with Town and Parish councils • Developing ways for councilors to have more say in local decisions • A programme of virtual meetings as the accepted way of working 	<ul style="list-style-type: none"> • Increased attendance at formal meetings, especially by members of the public
Priority: Listen, learn and respond to our residents, promoting opportunities for a two-way conversation		
Our communities will be well informed about things they can do to prepare for emergencies	<ul style="list-style-type: none"> • Our Joint Emergencies Planning Service to enhance and expand emergency preparedness in communities 	<ul style="list-style-type: none"> • Increase the number of community emergency plans with Town and Parish Councils • Lessons learned from Covid-19
The council is seen by residents as responsive	<ul style="list-style-type: none"> • Consultation on key plans and strategies 	<ul style="list-style-type: none"> • Evidence of feedback from consultation is taken into consideration in key plans and strategies
Customer services to offer support and guidance and be accessible to people who need them	<ul style="list-style-type: none"> • Review where and how technology can be used to facilitate routine tasks so that staff can focus on meeting customer needs 	<ul style="list-style-type: none"> • Higher levels of online transactions. • Take-up of online services so that only complex issues need to be handled by officer interaction
Receive the Ministry of Defence's (MoD) Employer Recognition Scheme Gold Award	<ul style="list-style-type: none"> • Proactively demonstrate that service personnel/armed forces community are not unfairly disadvantaged as part of our recruiting and selection processes. develop relevant HR Policies to comply with the awards requirement • To continue to work with the Armed Forces Covenant 	<ul style="list-style-type: none"> • Award of silver standard prior to award of gold standard

By 2025 we want:	Actions and Projects	Measures of success
Priority: Support a sustainable financial future for the council, through service development, improvement and transformation		
<p>A financially sustainable council which has increased levels of reserves</p>	<ul style="list-style-type: none"> • Work with officers to develop a 3-year plan • Lobby Government for a longer-term funding strategy • A realistic Medium Term Financial Strategy for 2021-25 • A sustainable reserves strategy • Successful delivery of the transformation programme which deliver savings, service improvement and supports our culture 	<ul style="list-style-type: none"> • Budget outturn revenue and capital • Underspending, however small, should be identified and added into general reserves • Demonstrate a level of reserves which reflects the ambition of the Authority • Increasing reserves to £15-£20m • External Audit opinion on annual statement of accounts • Rolling three-year plan detailing efficiencies and investment • 3-year forecast • Reduction in travel expenses of officers and members • Reduction in office space.
Priority: Look at opportunities to bring more income into the borough		
<p>Our Alternative Service Delivery Vehicles (ASDV) delivering for our residents and generating a profit (with shareholder dividend) from commercial activities, reducing financial pressures on the council</p>	<ul style="list-style-type: none"> • Comprehensive review of each existing ASDV including review of governance, management, business planning and performance management arrangements. 	<ul style="list-style-type: none"> • Every ASDV will have a robust business plan scrutinised and endorsed by the council with advice of the Shareholder Committee • Every ASDV will report an annual profit and deliver a potential shareholder dividend.
Priority: Support and develop our workforce to be confident, motivated, innovative, resilient and empowered		
<p>A committed and motivated workforce</p> <p>Cheshire East Council seen as an employer of choice</p>	<ul style="list-style-type: none"> • Review levels of authority and delegation • To remove and streamline outdated processes by reviewing levels of financial delegation and empowering staff • Implement Finance/HR/Payroll systems (Best4Business) 	<ul style="list-style-type: none"> • Empowered staff and streamlined robust processes • Staff Survey results • Employee Satisfaction rates

By 2025 we want:	Actions and Projects	Measures of success
<p>A workforce that can work remotely and flexibly using the latest technology</p>	<ul style="list-style-type: none"> • A workplace fit for post Covid with clear guidance and support for staff and managers • Continue with the accelerated roll out of mobile working and upgraded equipment to support and facilitate effective home working 	<ul style="list-style-type: none"> • Remote working is built into the ethos and ways of working within the organisation so that we release council office space • Percentage of staff who are enabled to work remotely
<p>Priority: Promote and develop the services of the council through regular communication and engagement with all residents</p>		
<p>Residents and staff to be aware of the council and the services we provide</p>	<ul style="list-style-type: none"> • A communications plan which is targeted at residents (especially those who are hard to reach) to include digital opportunities • Review the style of communications to give a contemporary and effective approach 	<ul style="list-style-type: none"> • Residents, wherever possible, will have 'My Account' which has communications tailored for them • Maintain a high rate of publication for media releases
<p>Resident satisfaction with the council to be in line with similar councils</p>	<ul style="list-style-type: none"> • Undertake consultation with residents • Regular, proactive communications through all channels • Deliver the benefits of the Brighter Futures Transformation Programme customer experience workstream • Develop a new Customer Strategy • Implement the Corporate Peer Challenge (CPC) action plans 	<ul style="list-style-type: none"> • Findings and performance indicators from the residents' survey • Customer satisfaction performance indicators • Customer response performance indicators • Response rates on consultations and surveys
<p>The council to be regarded as a good partner</p>	<ul style="list-style-type: none"> • Review of partnership activity, in line with the CPC report 	<ul style="list-style-type: none"> • Positive feedback from partners

A council which empowers and cares about people

Priorities

- Work together with our residents and partners to support people and communities to be strong and resilient
- Reduce health inequalities across the borough
- Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
- Be the best Corporate Parents to our children in care
- Support all children to have the best start in life
- Increase the opportunities for children, young adults and adults with additional needs
- Ensure all children to have a high quality, enjoyable education that enables them to achieve their full potential
- Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services

Case Study

Across children's services, we have focused on developing services together with children, young people and their families. As a result, we have changed how we work so it is based on what works best for families, and families have told us that this is making a difference to them. Some examples of this with services for children with special educational needs and/or disabilities include work around the Education, Health and Care assessment and plan process, including annual reviews, establishing what good looks like and our quality assessment framework and development of training around parent and carers perspectives.

"The commitment, effort and energy by everyone involved is very much appreciated - if I could rate this on a scale of 1 - 5 it would be 100."

Facts and figures



60% of the council's net budget is spent on providing support for People based services



89% of Adult Social Care users say our services have made them feel safe and secure



Around eight out of ten (78%) working age adults in Cheshire East have a level 2 qualification and 42% with level 4, above the national average

By 2025 we want:	Actions and Projects	Measures of success
Priority: Work together with our residents and our partners to support people and communities to be strong and resilient.		
<p>All services to be developed together with our residents and communities, so they are based on what works for people in Cheshire East.</p>	<ul style="list-style-type: none"> • Embed our vision for children and young people, and working together, within all children's services and across the Council. • Work with residents to understand the continuing impact of Covid so we can continue to support them effectively. 	<ul style="list-style-type: none"> • Residents and communities are actively involved in shaping service design and delivery.
<p>Families and communities are strong and resilient.</p>	<ul style="list-style-type: none"> • Develop a strong local social impact structure through the Cheshire East Social Action Partnership, to underpin a thriving Voluntary Community Faith Social Enterprise (VCFSE) Sector • Develop a locality model of working to enhance relationships between services across the partnership so we provide effective early help and support for families and communities. 	<ul style="list-style-type: none"> • We enable and support all of our communities to be strong and resilient. People work together to help each other and take pride in where they live. • Increased volunteering opportunities for experienced parents to help children and parents to thrive. • Better connected organisations and sector • Increased capacity and sustainability for the VCFSE sector
<p>Cheshire East is a welcoming and supportive place, where equality, freedom, fairness and opportunities are available to all.</p>	<ul style="list-style-type: none"> • Identify a suitable location within the borough and develop a Traveller transit site • Increase collaboration with marginalised groups • Secure social value benefits through a revised social value policy, investments, commissioning and contracts approach 	<ul style="list-style-type: none"> • Delivery of a transit site • Manage the number of unauthorised encampments and their impacts on the settled community • Increased engagement events with marginalised groups • Reduced number of reported hate crime incidents • Jobs, apprenticeships and work experience opportunities delivered through social value arrangements

By 2025 we want:	Actions and Projects	Measures of success
<p>Work with partners for the benefit of our communities inspiring confidence in public services developing community cohesion and community resilience</p>	<ul style="list-style-type: none"> • Deliver evidence based early intervention and prevention services through our 'Connected Communities' strategy • Develop a co-ordinated partnership strategy to address and reduce loneliness and isolation • Work alongside communities and Town & Parish Councils to identify local needs 	<ul style="list-style-type: none"> • Reduction in social isolation • Our communities are enabled to support people

Priority: Reduce health inequalities across the borough

<p>Work with partners to address the issues of poor housing, poverty, employment and education opportunities across urban and rural areas</p>	<ul style="list-style-type: none"> • To fully implement the Cheshire East Partnership Five Year Plan utilising the Joint Strategic Needs Assessment and Tartan Rug • The Connected Communities programme will help and encourage people to take responsibility for their own health and wellbeing through regular exercise and diet • Introduce policies to address the issues of loneliness and isolation • Promote regular screening and take up of preventative health opportunities supporting residents to make healthier choices • Work to improve the Mental Health of all people working and living in Cheshire East • To continue to support the zero-suicide approach • New commission on health inequalities 	<ul style="list-style-type: none"> • Longer life expectancy and reduced gap of health inequalities • Ensuring our actions are person centred • Our communities are enabled to support people • Goals of the five-year plan are implemented • Increased take up of activities to improve mental and physical health • People are supported by their communities to reduce loneliness • Smoking cessation programme reinstated • Medical conditions are identified early • Substance misuse is reduced (including alcohol misuse) • Diet and exercise programmes are increased • More people will make use of the communities service participation group • Increased level of social prescribing within communities • Increase awareness of Cheshire East Mental Health Partnership • Reduce stigma around mental health
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By 2025 we want:

Actions and Projects

Measures of success

Priority: Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation

Children receive the right support, by the right people, at the right time, so they are effectively protected from harm, and are supported to stay within their families and communities.

- Continued investment in Early Help and Prevention services
- Continue to embed our Signs of Safety practice model
- Continue to strive for excellence in social work practice, aligned with our vision for children and young people and our strategy to create a sustainable future for Children’s Social Care.
- Continue to work with our partnerships to ensure there is a joined up effective approach to safeguarding children, including effective early identification and prevention, tackling neglect, domestic abuse, and contextual safeguarding.

- Children, young people and families will tell us we have made a difference to their quality of life.
- Appropriate increase in the number of children and young people receiving early help services to support the reduction of escalation of need, and an increase in the number of early help plans being led by a range of appropriate agencies.
- Increase in the proportion of children’s case audits graded good or outstanding
- Reduction in re-referrals to Children’s Social Care, and reduction in the number of children subject to repeat child protection plans
- Social work practice will be consistently high quality, and this will be validated in Ofsted inspections.

People and organisations to work together to prevent and stop the risk and experience of abuse and neglect, whilst promoting the well-being of Adults with Care and Support Needs.

- An ongoing commitment to work together to raise awareness about Adult Abuse, Neglect and Exploitation.
- To work together to prevent harm and reduce the risk of abuse and neglect to adults with care and support needs.
- To safeguard Adults at Risk in a way that supports them to make choices and have control about how they want to live.
- To address what has caused the abuse, neglect or exploitation.
- To ensure that officers are adhering to legislation and promoting best practice.

- The Liberty Protection Safeguards will be fully embedded.
- Carers will recognise when they are experiencing unintentional harm or Domestic Abuse and seek timely support.
- Adults at risk will report that their Making Safeguarding Personal outcomes have been achieved.
- Officers and communities will feel confident to identify individuals at risk of Criminal or Sexual Exploitation, or those at risk of Radicalisation or Modern-Day Slavery.
- Elected Members will have completed E-Learning and Face to Face Safeguarding Training.
- Individuals from BAME communities will feel able to report Abuse, Neglect or Exploitation and be able to access support in an equitable way.

By 2025 we want:	Actions and Projects	Measures of success
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Priority: Be the best corporate parents to the children in our care

<p>Always deliver on our pledges to cared for children and young people, and those who are cared experienced, that we will:</p> <ul style="list-style-type: none"> - Be a good corporate parent - Improve education, training and employment outcomes - Work to achieve permanence and keep children safe - Improve health and wellbeing outcomes - Prepare young people for adulthood 	<ul style="list-style-type: none"> • Continue to work together with our cared for children and care leavers and truly embrace their views in how we deliver our services in the future. • Refresh our Corporate Parenting Strategy together with children, young people and our parents. • Work with our partners, local businesses, and stakeholders to negotiate opportunities such as apprenticeships, work experience, and voluntary work placements, and prioritise care experienced adults as part of our recovery work to improve employment and training opportunities. • Deliver our strategy to ensure only the right children come into care, and the right number and type of placements are available for our cared for children so they can remain within their communities and close to the people they care about. • Work with our foster carers to develop our services, support and recruitment campaigns so we attract more foster carers to work with us in Cheshire East. 	<ul style="list-style-type: none"> • Cared for children and young people and those who are care experienced will tell us we have made a difference. • Care experienced adults are supported to be confident and resilient, and to realise their talents and abilities. • Increase in care experienced young people who go on to further education, employment and training. • Increase in the number of cared for children living locally. • Decrease in the number of moves cared for children and young people experience. • Increase in Cheshire East foster carers.
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Priority: Support all children to have the best start in life

<p>All children enjoy access to high quality childcare and support programmes that maximises their development in terms of speech and language, resilience and ability to learn and play</p>	<ul style="list-style-type: none"> • Excellent Early Years services are targeted to maintain high quality support to children • Maintain the high numbers of children placed in high quality childcare settings • Promote and improve access to the parenting journey support with additional support offered to the most vulnerable families 	<ul style="list-style-type: none"> • Children will be school ready and have a firm foundation for education at the end of Early Years Foundation stage • We maintain a high take up of free childcare • Extend the reach of parenting support in early years, maximising contact through Child Health Hubs and refocused Children’s Centre offer
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By 2025 we want:	Actions and Projects	Measures of success
Priority: Increase opportunities for children, young adults and adults with additional needs.		
<p>Great services and provision across the partnership for children and young people with special educational needs and/or disabilities (SEND) which means children’s needs are met effectively and efficiently.</p>	<ul style="list-style-type: none"> • As a SEND Partnership, ensure all recommendations from the last Ofsted inspection have been addressed and improvements are embedded in practice. • Embrace a learning culture which celebrates success and builds on strengths to further improve practice • Embed the quality assurance framework across the partnership. • Further embed the culture of working together and co-production with a focus on further improving communication across the SEND partnership. • Ensure annual reviews are timely and high quality, particularly to help children, young people and their families prepare for transition. • Review the pathways for transition to adulthood ensuring effective outcomes are achieved for young people through their preparing for adulthood plans. • Ensure we meet children’s needs effectively through early intervention and support wherever possible, and that the offer and expectations at SEND support are clear • Expand the local provision of SEND places to enable more children to attend a school within Cheshire East and their local community. 	<ul style="list-style-type: none"> • Children, young people and families will tell us we have made a difference. • Sustained improvement on the recommendations from the SEND Inspection in 2018. • Audits demonstrate Education, Care and Health plans are good quality and are created together with children, young people, parents and carers. • We have the right number of school places available for children and young people with SEND.
<p>Provision for young adults to live independently within in the community</p>	<ul style="list-style-type: none"> • Supported accommodation and education opportunities • Leisure, life and meaningful employment opportunities are developed to improve life chances for young adults • Promote citizen engagement and participation 	<ul style="list-style-type: none"> • Young adults return to the borough from outside placements • Young adults with additional needs are supported to live independently • Reduced dependency on external market • Plans are driven by the service user • Families are supported

By 2025 we want:	Actions and Projects	Measures of success
Priority: Ensure all children have a high quality, enjoyable education that enables them to achieve to their full potential		
<p>All children enjoy the best education which prepares them to thrive in adulthood.</p>	<ul style="list-style-type: none"> • Ensure we have sufficient school places locally to meet the differing needs of children and respond to our growing population. • Support and challenge all education settings to deliver our key priorities with a focus on addressing inequalities. • Provide support and challenge where children are not attending school or receiving an appropriate education. • Support children to catch up on the learning they lost during Covid • Support children and young people’s mental health and wellbeing to resolve problems as early as possible. 	<ul style="list-style-type: none"> • Children and young people enjoy education and have high attendance • We have the right number of school places and all children have a good local school to attend • Improved outcomes for pupils at risk of poor educational outcomes. • All young people, including our most vulnerable, will have choices in their education, employment and training.
Priority: Reduce the reliance on long-term care by improving services closer to home and providing more extra care facilities, including dementia services		
<p>Vulnerable and older people live safely and maintain independence within community settings</p>	<ul style="list-style-type: none"> • Work with partners to develop appropriate accommodation and extra care housing models 	<ul style="list-style-type: none"> • Number of extra care housing places to meet the needs of residents
<p>People are cared for and valued by a professional and caring workforce</p> <p>Care4ce to become an exemplar high quality trading company</p>	<ul style="list-style-type: none"> • Develop a quality trading company • Recruit and train a skilled and motivated workforce. • Provide a professional pathway for progression 	<ul style="list-style-type: none"> • Key performance indicators for Care4ce • Opportunities are explored for new business

By 2025 we want:	Actions and Projects	Measures of success
<p>To prioritise Home First for patients discharged from hospital. Where possible patients are discharged to a home of their choice</p>	<ul style="list-style-type: none"> • Expand and develop the Home First service to support people to stay at home longer • Work to develop integrated health and social care teams • Carers Strategy to be implemented • Provide short breaks for carers • Develop the Shared Lives service • Increased use of technology to digitally enable people 	<ul style="list-style-type: none"> • Hospital patients discharged home in a timely way • Health and social care integration is implemented • People stay in and cared for in their own home for longer • Reduction in A&E visits for falls in the over 70's • Carers feel valued and supported • To ensure value for money
<p>Adults receive quality assessments of need and support planning and good quality services to keep them safe and maintain their physical and mental wellbeing</p>	<ul style="list-style-type: none"> • Continued development Cheshire Adult Safeguarding Board • Fully implement social work practice within adult social care • To ensure that physical and mental wellbeing of all vulnerable people is paramount • Remain committed to maintaining and improving the quality of care and support services, ensuring that more people experience high-quality, person-centred care, now and in the future 	<ul style="list-style-type: none"> • People are confident that they will be protected and free from exploitation • People are involved in all aspects of their assessment and care planning • Integrated assessment and care management teams based within care communities • People experience high standards of care

A thriving and sustainable place

Priorities

- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- To reduce the impact on our environment
- A transport network that is safe and promotes active travel
- Thriving urban and rural economies with opportunities for all
- To be carbon neutral by 2025

Case Study

We have committed to be carbon neutral by 2025 and to influence carbon reduction across the borough. Our Environment Strategy Carbon Action Plan, sets out how we will achieve this. This will affect every aspect of how we work and deliver services.

In an initial project with Storengy we are building a trial hydrogen plant to fuel bin lorries. We are also planting trees and developing green technologies such as solar power and heat networks in Cheshire East.

We can only achieve this with your help to tackle this urgent crisis and thank you for working with us.

Facts and figures



To achieve carbon neutrality, we target to offset locally over 7,000 tonnes of CO2 per annum by 2025 through a mixture of projects such as energy generation and tree planting - the equivalent of 100 football pitches worth of trees plus a solar array the size of 15 football pitches.



Over the past 4 years, the council has provided over 2,200 affordable properties (against a target of 1,460), available to rent or buy, in partnership with over 25 registered housing providers.



The number of enterprises (businesses) in Cheshire East has increased by 21% from 2010 to 2019 (16,145 to 19,575).

By 2025 we want:	Actions and Projects	Measures of success
Priority: A great place for people to live, work and visit		
Enable access to well designed, affordable and safe homes for all our residents	<ul style="list-style-type: none"> • Deliver housing to meet the needs of all residents including vulnerable and older people in the borough • Review and evaluate the need for a private rented sector licensing scheme • Ensure affordable homes are 'tenure blind' and focused on quality of place in accordance with Design Guide 	<ul style="list-style-type: none"> • Increased levels of affordable housing delivered • Number of affordable rented properties offered by registered providers to Cheshire Homechoice applicants • Increase in percentage of homes managed by accredited landlords
A high-quality accessible library service, that remains relevant to the changing needs of Cheshire East residents and delivers value for money	<ul style="list-style-type: none"> • Improve and adapt our libraries to meet any changing needs which offer value for money • Update and refresh the Library Strategy 	<ul style="list-style-type: none"> • Maintain high customer satisfaction levels • Maintain the high level of visitor numbers at our libraries
High quality leisure and sports provision across the borough that delivers good value for money	<ul style="list-style-type: none"> • Improve our leisure centres to encourage and support physical activity to help people live well and for longer • Provision of walking and cycling recreational routes and outdoor recreational space 	<ul style="list-style-type: none"> • Increased participation rates in sport, exercise and activity • Maintain high satisfaction in the borough's leisure centres • Improvements in public health of the borough's population
To reduce the number of long-term empty dwellings	<ul style="list-style-type: none"> • Establish baseline and review current strategy and policies • Agree action plans for longest vacant empty dwellings • Explore partnership approach with registered providers 	<ul style="list-style-type: none"> • Reduction in percentage of housing stock empty for more than one year • Improvement in Cheshire East position relative to other authorities

By 2025 we want:	Actions and Projects	Measures of success
New development to be appropriately controlled to protect and support our borough	<ul style="list-style-type: none"> • To keep the Local Plan Strategy under review to ensure that it is up to date, responds to changing local needs and meets the Government's requirements • Effective Planning Service with capacity to efficiently determine planning applications • Robust and effective planning enforcement • Implementation and maintenance of additional supplementary policy documents • Effective and competitive Building Control Service • Continued application of CEC Design Guide principles and focus on Place 	<ul style="list-style-type: none"> • Adopted and up to date Local Plan in place (including Site Allocation and Development Policies Document and Minerals & Waste DPD) • Robust planning application and appeal performance against national targets • Enforcement Policy in place • Effective monitoring of policies and supply of housing land • Improved customer satisfaction
To make best use of our surplus buildings and assets to support the borough and our partners	<ul style="list-style-type: none"> • Review the community asset transfer policy and provide a clear framework to support effective transfer and further explore 'shared' use with our partners of town centre assets 	<ul style="list-style-type: none"> • Numbers of successful community asset transfers • Reduction in total running cost of CEC estate
Continue to grow the Cheshire East visitor economy	<ul style="list-style-type: none"> • Deliver Cultural Strategy and Place Marketing Action Plan • Deliver Tatton Park business plan • Deliver capital projects that support cultural development including, for example, the History Centre and Lyceum Square 	<ul style="list-style-type: none"> • Value of the Cheshire East visitor economy to exceed £1bn • Improved visitor numbers • Better visitor information
Priority: Welcoming, safe and clean neighbourhoods		
Crime and anti-social activity and anti-social behaviour to be reduced	<ul style="list-style-type: none"> • Use our full range of education, engagement and enforcement tools to protect our communities. Take formal enforcement action as appropriate, to reduce offending and increase compliance with the law from individuals or businesses • Clear and integrated enforcement approach with relevant fit for purpose policies for each enforcement service • Investment in technology to enhance CCTV delivery 	<ul style="list-style-type: none"> • Reduced proportion of residents who feel anti-social behaviour is an issue in their area • Reduced crime and the fear of crime • Agreed enforcement plans with annual reporting on enforcement activities • Safe night-time economy

By 2025 we want:	Actions and Projects	Measures of success
<p>Victims of crime and exploitation to be supported effectively by the council and partners through collaboration</p>	<ul style="list-style-type: none"> • Work with the police and partners to share intelligence and problem solve local issues • Refresh the Safer Cheshire East Partnership Plan for 2020-23 • Raise awareness around safeguarding and community safety issues 	<ul style="list-style-type: none"> • Reduce the impact of 'County Lines' on young people • Effective reporting and recording of hate crime incidents by all partners • Raised awareness of and reduce incidents of scams and rogue trading • Residents know how to recognise and report abuse • Reduced incidence rates in crime and disorder
<p>To protect residents and improve our environment</p>	<ul style="list-style-type: none"> • Review local air quality through our Annual Status Reports, taking action to respond to areas of poorer air quality • All Air Quality Management Areas have an action plan outlining planned measures to improve air quality • Delivery of the Cleaner Crewe project with the successful results rolled out across the borough • A regulatory service that balances advice and education with the need to take decisive action in response to issues that impact upon the local community, business and the environment • A robust licensing regime for alcohol, gambling and hackney carriage private hire vehicles • Undertake a range of proactive inspection work to protect human health and the health of our farmed and companion animals • Proactive inspection and surveillance programmes for Environmental Health and Trading Standards that encompass both statutory requirements and local priorities and are responsive to emerging issues 	<ul style="list-style-type: none"> • Reduced littering and fly-tipping • Improvement in air quality levels

By 2025 we want:	Actions and Projects	Measures of success
Improved green spaces for all. Enabling people to exercise and socialise in our parks and open spaces	<ul style="list-style-type: none"> • Review and improve our play areas and parks • Work with partners to provide a more welcoming environment • Secure funding for additional recreation provision along with improvements to the current provision • Increase the number of rewilded areas within our parks and open spaces 	<ul style="list-style-type: none"> • Improved customer satisfaction rates for parks and play areas • Improved play areas • Lower rates of littering or fly tipping in our public spaces • Improved biodiversity in our parks and open spaces • Expanded volunteer and communities involvement in Parks
Priority: To reduce our impact on our environment		
To have minimised overall waste generated in the borough and maximised our levels of recycling	<ul style="list-style-type: none"> • Introduction of the Municipal Waste Strategy • To Review and Consult on Household Waste Recycling Centre Provision 	<ul style="list-style-type: none"> • Improved recycling / reuse rates • Reduced excess waste per capita • Expanded volunteer and communities' involvement in Waste prevention
To improve biodiversity and natural habitats in the borough	<ul style="list-style-type: none"> • Increased rewilding – introduce a policy on Highways land and introduce a borough wide tree policy • Embed bio-diversity, including off-setting, across Cheshire East Council estate • Deliver the tree planting programme 	<ul style="list-style-type: none"> • Number of trees planted • More areas of the borough left to wild flowers / greenery rather than mown grass
Priority: A transport network that is safe and promotes active travel		
Improvements in the strategic infrastructure that support sustainable and inclusive growth across the borough	<ul style="list-style-type: none"> • Agree a funding and delivery programme with government for strategic rail including HS2, Crewe Hub Station and the Crewe North Connection • Delivery of the strategic infrastructure programme (A500 dualling, Poynton Relief Road, Middlewich Eastern Bypass) 	<ul style="list-style-type: none"> • Successful delivery of the major infrastructure programme (time and budget and required benefits)

By 2025 we want:	Actions and Projects	Measures of success
Safer and well-maintained roads	<ul style="list-style-type: none"> • Deliver planned investment to maintain the highway network • Review of appropriate strategies, such as speed management 	<ul style="list-style-type: none"> • Improved customer satisfaction with highways • Improved condition of the highway • Improved response times to customer enquiries • Reduced levels of those killed and seriously injured on our roads
Investment in electric vehicle infrastructure in our key service centres	<ul style="list-style-type: none"> • Secure supplier and install charging points in Cheshire East car parks 	<ul style="list-style-type: none"> • All CEC owned car parks in key service centres have a least one EV charging point
To increase parking provision close to local transport hubs	<ul style="list-style-type: none"> • Broadway Meadow multi-storey car park (MSCP) • Complete Local Transport Plan parking reviews 	<ul style="list-style-type: none"> • Town by town parking needs identified and plans progressed to match identified need
To promote uptake of cycling in our local service centres	<ul style="list-style-type: none"> • Installation of cycle storage facilities in Cheshire East car parks • Invest in new cycle routes and improve existing ones • Prohibit parking in existing cycle lanes 	<ul style="list-style-type: none"> • All 13 local service centres have at least one new cycle storage facility (cycle shelter) • Kilometres of new cycle routes created • Number of traffic reduction orders introduced specific to supporting cycling
To improve the speed and efficiency of public transport and encourage more residents to make fewer car journeys	<ul style="list-style-type: none"> • Feasibility studies into the creation of rapid transit routes connecting existing infrastructure with key employment site 	<ul style="list-style-type: none"> • Plans brought forward for rapid transit routes: <ul style="list-style-type: none"> - Macclesfield to Bollington - Handforth to Wilmslow - Wilmslow to Alderley Park
To reduce areas of the borough not served by public transport	<ul style="list-style-type: none"> • Submit proposals to Rural Transport Fund • Quality bus partnerships with operators and town councils 	<ul style="list-style-type: none"> • At least one new public transport scheme introduced • At least eight new services introduced or extended

By 2025 we want:	Actions and Projects	Measures of success
To encourage an increase in the use of public transport (especially buses)	<ul style="list-style-type: none"> • Operators work together to share real time information • Bus routes planned to provide multi-modal connectivity • Cheshire East bus app developed 	<ul style="list-style-type: none"> • Improved satisfaction rates with public transport • Number of routes connecting with rail or tram services
More residents to use walking routes	<ul style="list-style-type: none"> • Promote existing routes and nature trails • Create new walking routes between service centres 	<ul style="list-style-type: none"> • Information/promotion campaigns implemented • Kilometres of new walking routes created
Priority: Thriving urban and rural economies with opportunities for all		
Delivery of a strategic regeneration plan for Crewe	Successful delivery of the regeneration programme including: <ul style="list-style-type: none"> • Crewe Hub Station • Royal Arcade, Crewe Bus Station and Public Realm • Crewe Market Hall • Crewe Heat Network • Delivery of FHSF and Towns Fund • Town Centre Housing 	<ul style="list-style-type: none"> • Footfall • Vacancy rates • Inward investment rates • Improved rates against health and economic inequality gaps
Delivery of a strategic regeneration plan for Macclesfield	Successful delivery of the regeneration programme including: <ul style="list-style-type: none"> • Macclesfield Station Campus • Town Centre Housing • Public Realm 	<ul style="list-style-type: none"> • Footfall • Vacancy rates • Inward investment rates • Improved rates against health and economic inequality gaps
Successful town centres in our other key towns	<ul style="list-style-type: none"> • Work with our partners and key stakeholders to understand what is important to our towns • Town recovery plans produced 	<ul style="list-style-type: none"> • Footfall • Vacancy rates • Inward investment rates • Improved rates against health and economic inequality gaps

By 2025 we want:	Actions and Projects	Measures of success
Maximise the commercial and regeneration opportunities associated with HS2 for the whole borough	<ul style="list-style-type: none"> • Secured delivery and funding agreement for the HS2 Growth Corridor. • To contribute to the Sustainable Growth Commission, working with the Cheshire and Warrington Local Enterprise Partnership 	<ul style="list-style-type: none"> • Commercial space generated • Level of inward investment • Increased level of jobs created
Thriving and active rural communities	<ul style="list-style-type: none"> • Rural action plan • Digital connectivity programme • As part of bus review, deliver improved accessibility to services and employment opportunities 	<ul style="list-style-type: none"> • Growth in rural business/National Non-Domestic Rates • 100% superfast broad band access • Access to services in local centres
Priority: To be carbon neutral by 2025		
To have delivered the milestones in becoming a carbon neutral council	<ul style="list-style-type: none"> • Deliver actions in the Cheshire East Council Carbon Action Plan • Introduction of green vehicles across the fleet (including waste and highways) • Reduce use of Gas by decarbonising sources of heating for our buildings • Promote carbon neutrality and carbon zero development across Cheshire East, providing information, advice and guidance for householders and businesses to reduce their carbon use 	<ul style="list-style-type: none"> • Cheshire East Council (CEC) carbon neutrality achieved by 2025 • Percentage tonnes reduced (CEC) • Percentage tonnes insetted (CEC) • Percentage tonnes reduced in Cheshire East

Glossary

Corporate parents (p.3, 17 and 21) – the collective responsibility of the council, elected members, employees, and partner agencies, for providing the best possible care and safeguarding for the children who are looked after by us.

Carbon zero (p.8 and 32) – the elimination of carbon dioxide emissions

Third sector (p.8) – non-governmental and non-profit making organisations such as charities and voluntary groups

Key performance indicators (KPIs) (p.12 and 23) – a type of performance measurement, that evaluates the success of an activity

Enabling organisation (p.13) – An organisation that encourages change and challenge

Armed Forces Covenant (p.14) – this is a pledge that together we will acknowledge and understand that those who serve or who have served in the armed forces, and their families, should be treated with fairness and respect in the communities, economy and society they serve with their lives

Alternative Service Delivery Vehicles (ASDVs) (p.15) – ASDVs are companies that the council has set up to deliver certain services, including waste and recycling collection, cemeteries and crematoriums.

Best4Business (p.15) – This is the council’s programme to replace its HR and finance computer system

Corporate Peer Challenge (p.16) – This is a service, commissioned by the council and provided by the Local Government Association, where a small team of local government officers and councillors spend time at the council as peers to provide challenge and share learning.

Connected Communities (p.19) – this is the name given to the scheme demonstrating our commitment to supporting and engaging with communities including the voluntary, community and faith sector and the many active volunteer-based partnerships.

Tartan Rug (p.19) – this is a population health profiling tool that demonstrates how each ward in Cheshire East compares with all other wards in England across a range of health indicators and outcomes. It provides an overview of local health need and is a tool to aid discussions about local priorities. It takes its name from the colours of the sheet which indicate the varying nature of the ward profiles.

‘Signs of Safety’ model (p.20) – an internationally recognised model and the leading approach to child protection casework.

SEND (p.22) – special educational needs and disabilities

Care4CE (p.23) - Care4CE is a Cheshire East Council team, which in partnership with community-based organisations, directly provides social care services for adults including people with learning difficulties, physical disabilities, long term conditions, dementia and mental health needs. The core purpose of Care4CE is to support people to maximise or regain their independence.

Shared Lives service (p.24) – this is a scheme that provides intermediate, respite and session support to vulnerable adults who meet eligibility criteria.

Storengy (p.25) – Storengy UK is a company that the council is working with on various carbon reduction initiatives.

Tenure blind (p.26) No explicit external indicators of tenure type – e.g. whether for market or affordable – in the design and layout of a development.

Site Allocation and Development Policies Document (SADPD) (p.27) – this is the second part of the Local Plan, which sets out the overall vision and planning strategy for development in the borough.

‘County Lines’ (p.28) – the practice of trafficking drugs into rural areas and smaller towns away from major cities.

Air Quality Management Areas (p.28) – parts of the borough likely to breach the annual mean concentration of nitrogen dioxide, which is set as an Air Quality Standard of 40µg/m³

Crewe North Connection (p.29) – a term used to describe the connectivity of the network north of Crewe in relation to HS2

Multi modal connectivity (p.31) – providing many different ways of travelling from A to B

FHSF (p.31) – The Future High Street Fund (FHSF) is a government fund “to renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability”.

Next steps

This corporate plan will be used to guide our policies, budget planning, decision-making and service delivery over the next five years.

Feedback

Be involved in decision making in Cheshire East...

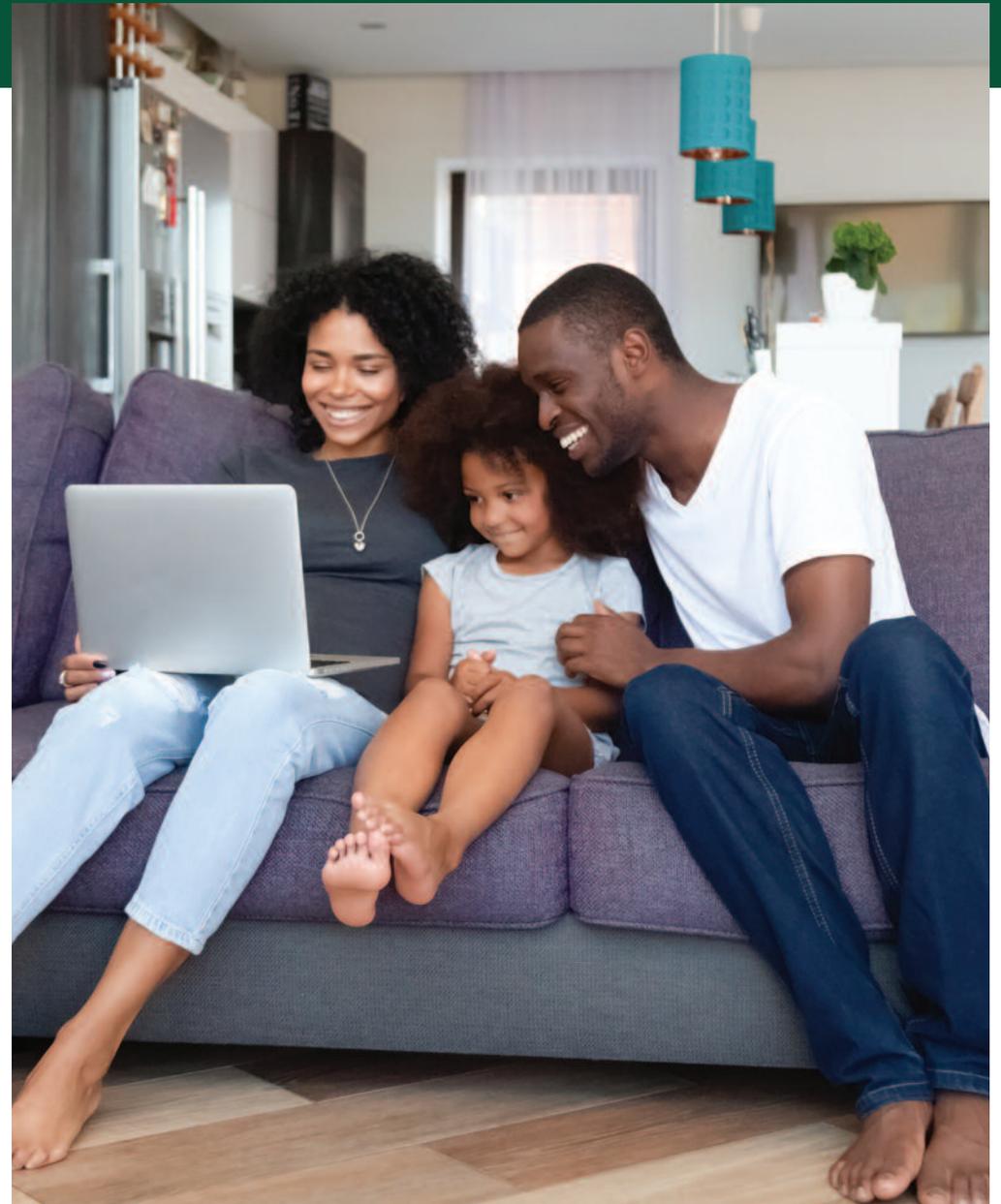
If you would like to be involved in consultations undertaken by Cheshire East Council, you can do so by registering for updates on the consultation pages or joining the Digital Influence Panel.

Please visit www.cheshireeast.gov.uk/consultations
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RANDC@cheshireeast.gov.uk



Cheshire East Council Medium Term Financial Strategy 2021-25 Executive Summary

February 2021

An Open, Fairer, Greener Cheshire East

This document is available to download on the [Cheshire East Council](#) website. It will form part of the 2nd February 2021 Cabinet Agenda and the recommended version will be distributed to all Members as part of the 17th February 2021 Council Agenda.

You can continue to provide feedback on the proposals in this report by speaking to your local Councillor
– visit [Find Your Local Councillor](#) on the Cheshire East Council website for contact details.

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Executive Summary – Delivering Our Corporate Plan

Overview

The vision for Cheshire East Council is to create a Borough that is Open, Fairer and Greener. The Council provides essential services such as Social Care, Education, Highways, Economic Development and Waste that will lead the way in achieving this vision for local people. Council services are funded mostly from council tax, with additional contributions from business rates and government grants and managing these resources appropriately will enable our plans to be sustainable over the medium term.

The vision can be achieved by being a transparent organisation that cares for the people who need our support as we develop a locally sustainable place. The Corporate Plan that articulates the vision, and how we will make it a local reality, was developed through consultation during Autumn 2020.

Developing a financially sustainable strategy has been significantly more difficult in 2020/21. Population growth and inflation causes costs to increase over time, but in a largely predictable way. But the impact of COVID-19 has been unprecedented and unpredictable. Net Council spending doubled in the year and medium to long term settlements from government have been put on hold.

Cheshire East is the third largest Council in the Northwest of England, responsible for approximately 500 services and with a population of over 384,000. Our gross spending, without COVID-19, is expected to exceed £700m and includes capital spending and costs funded direct from government grants such as Dedicated Schools Grant. Net Spending reflects spending that is only funded from Council Tax, Business Rates and un-ringfenced government grants and is approximately £300m. Before COVID-19 it was already clear that the Council would have to make changes to the way services are delivered as large financial gaps were evident in

the Medium-Term Financial Strategy (MTFS) 2020 to 2024. In producing the MTFS for 2021 to 2025 the Council has focused on how local resources and planning can address local demand for services.

The Council continuously seeks to engage with the communities of Cheshire East in delivering services to people who need them.

Impact of COVID-19

The response to COVID-19 distorts the local and national public finances throughout 2020 and into 2021. The legacy impact of the pandemic remains largely unknown. The Council was proactive in the way staff and our suppliers and partners responded to keep people safe and support the local economy. The response accelerated changes to ways of working and developed new relationships with residents and partner organisations like the NHS. Lessons will clearly be learnt, and many new ways of working could become ongoing features of our service provision for the future.

The impact continues to be felt across the whole borough. In financial terms the Council administered a 'COVID-19 budget', funded from Central Government Grants, that effectively doubled the Council's net spending in 2020/21. This issue had to be addressed whilst still maintaining all the controls, monitoring and good financial management that should be expected. Spending and income were both affected, with examples such as increased support to social care markets and reductions in income for key services like leisure, libraries, registration and planning. The effects on the national economy have also been seen locally with pressure on local businesses owing to national restrictions, increased demand for services and the impact on household incomes. We

have seen a reduction in council tax and business rates payments as a result.

Cheshire East Council continues to respond to the Coronavirus pandemic. At the same time the Council has continued to strive to:

- deliver essential local services
- protect our most vulnerable people
- support our communities and the local economy

To assist in developing the Council's Medium-Term Financial Strategy additional grants, payable beyond 2020/21, are assumed to be spent entirely within guidance from Central Government and on COVID-19 related issues alone.

On this basis the figures within this report largely exclude COVID-19 related spending, income losses or grant funding from 1st April 2021. For transparency Paragraph 54 describes the expected financial impact from COVID-19 in 2021/22 and beyond.

Medium Term Financial Pressure

60% of the Council's net budget is spent on providing support for People based services, which are demand-led and becoming increasingly complex. Housing growth in the area also brings additional challenges for our key services such as increased waste collection and disposal and highway maintenance. There is also inflation in the Council's contracts and pay costs. This situation created a cumulative gap of £50m+ in the MTFs presented to Council in 2020.

Almost 95% of the Council's net budget is funded from local taxation due to our very low levels of Central Government support. Future settlements from Government seem highly unlikely to reverse this position. Growth in demand for services must therefore be funded locally, and this creates a requirement to continue to

increase council tax levels in line with Government expectations. In recent years the Council has increased council tax to specifically fund the pressures in Adults' and Children's Social Care to help keep up with the demand in these vital services and this continues to be required.

Creating Financial stability over 4 years

To provide the best opportunity to achieve the Corporate Plan, and manage the ambitions of the area, the Council has created a Medium-Term Financial Strategy that balances spending on services against resources across each of the next four years.

The headlines of the MTFs are:

- Targeting modern cost-effective service provision that, through efficient development and management, will achieve value for money for residents. In line with consultation responses the target reduction from efficiencies is the primary approach to balancing the financial position.
- Addressing increasing demand, particularly within the social care system, through growth in associated budgets.
- Without additional income from Council Tax in 2021/22 Core Spending Power for the Council will reduce by 0.5% based on the Spending Review 2020.
- Council tax will **increase by 4.99%** in 2021/22 with forecast increases of up to 1.99% in 2022/23 and beyond. 3% (£6.9m) of the council tax increase in 2021/22 will be solely utilised to fund increasing care costs within Adult Social Care.
- Reviewing the Council Tax Support Scheme to protect families on low incomes from council tax increases.
- Grant from Central Government, other than for Social Care is anticipated to cease or reduce.

- Managing inflation pressures relating to pay, contracts and demand for services of c.£50m within the service budgets.
- Recovering costs of services we charge for, increasing income by c.£2m.
- Increasing net expenditure in all our front-line services to manage demand from local people and businesses.
- Managing efficiencies and savings of c.£28m in the service budgets.
- Supporting economic recovery through continued investment on development and regeneration.
- Providing additional funding to Children and Families in 2021 and 2022 to ensure that these services can be provided in a safe, sustainable and appropriate way.
- Balancing the increasing costs of services through a combined approach of local taxation increases, appropriate pricing for services and efficiencies in service provision.

Table 1: Running costs (Revenue) and Investment in assets (Capital) are both increasing in 2021/22

Table 1	2020/21* Budget £m	2021/22 Budget £m	Change £m
Revenue Budget	301.0	311.1	10.1
Capital Budget	127.5	171.3	43.8

* Approved Permanent Budget as at Quarter 3

Net Revenue Budget 2021/22

- Income is estimated to vary from 2020/21 as follows:
 - Increase in Council Tax levels (+£11.4m)
 - Growth in Council Taxbase (+£1.9m)
 - Decrease in New Homes Bonus (-£3.4m)
 - Increase in Social Care grants (+£0.4m)
 - Business Rates Retained (-£0.7m)
 - Other Specific grants (+£0.6m)
 - Council Tax Collection Fund Contribution change (-£0.1m)
- Net expenditure is estimated to increase by **£10.1m** from 2020/21 across each of the Council's new Corporate priorities as set out in **Table 2**:

Table 2	Change from 2020/21 Budget £m	2021/22 Budget £m
Aim 1 – Open	+1.1	
Aim 2 – Fair	+5.9	
Aim 3 – Green	+1.5	
Total Service Budget		297.4
Contribution from Earmarked Reserves	+3.0	2.3
Central Budgets	-1.4	11.4
Total	10.1	311.1

Annex 1 to the Executive Summary provides a further breakdown of the Council's revenue budget.

Capital Budget 2021/22 to 2024/25

The four-year capital programme includes investment plans of around £0.4bn. This is affordable through a mixture of Government grants, contributions from other external partners and Council resources.

- The forecasted funding sources are:
 - Government Grants (£159m / 43%)
 - Other external contributions (£60m / 16%)
 - Receipts from Council Assets (£4m / 1%)
 - Borrowing or Revenue Contributions (£148m / 40%)
- Expenditure is estimated in the following areas:
 - Highways (£177m)

- Growth & Enterprise (£92m)
- Children & Families (including Schools) (£44m)
- Finance & Customer Services (£29m)
- Environment & Neighbourhoods (£21m)
- ICT (£8m)

In addition to these investment plans, a number of further schemes, totalling expenditure of £437m are proposed but these projects will only commence on completion of detailed business cases and when funding for these projects is secured and confirmed.

Strategic Management of Reserves

The Council holds relatively low levels of reserves as funding has been utilised to maintain services. Reserves are retained to enable the Council to invest in opportunities and to manage exposure to financial risk over time. The Council is planning to manage reserves over the medium term for several main purposes:

- General reserves will be held to manage in-year risks and opportunities across the medium term, they will be increased slightly over the medium term as the Council's budget increases and to recognise that forecasts in later years may be subject to change.
- Earmarked Reserves will reduce annual risks associated with the management of the Capital Programme and the Collection Fund.
- Earmarked Reserves will be used to support service development and modernisation during the life of the MTFS.

Good financial management in year reduces the overall need for high Total Revenue Reserves

Table 3	Forecast	Forecast	Change
	Closing Balance	Closing Balance	
	2020/21	2021/22	£m
	£m	£m	£m
General Reserves	10.3	10.3	-
Earmarked Reserves*	67.2**	21.8	(45.4)**
Total Revenue Reserves	77.5	32.0	(45.4)

* Earmarked reserves are spent in accordance with planned timescales and will increase or reduce accordingly

**Earmarked reserves are inflated in 2020/21 by business rates of £30m which must be returned to Central Government in 2021/22

The Council's Reserves Strategy (**Annex 14**) provides more detail of the reasons for holding General or Earmarked Reserves at current levels.

A Listening Council

The budget report reflects the Council's ongoing commitment to transparency, engagement and consultation. The process of budget development continues to be open and clear although in 2020 this had to be developed to reflect changing guidance to keep people safe during the pandemic. The process demonstrates that we listen to residents and stakeholders. Please refer to **Annex 2** for further details.

The stakeholder engagement process included:

- An appropriate timescale that supported the development and sharing of draft Budget ideas.

- Regular elected Member involvement through virtual meetings and briefings.
- Stakeholder engagement via social media and an online consultation tool to gather feedback.
- Effective internal challenge processes including staff and trade union briefings.

During the consultation process the Council received notification of the Government provisional funding settlement. This confirmed the funding allocations for 2021/22 that were set out in the Spending Review 2020. The Local Government Finance Settlement confirmed a number of changes to the assumptions within the consultation document, most significantly:

- Ability to raise a council tax precept by an additional 3% to support raising demand and spending on Adult Social Care
- Reduction in New Homes Bonus (-£3.4m)
- New Social Care Grant (+£0.4m)
- Changes to other grants (+£0.6m)
- Likelihood of a public sector wage freeze that could affect Local Government Staff, except the lowest paid
- Restrictions to borrowing to achieve yield remove the financial targets linked to the Investment Strategy

In addition to these announcements additional COVID-19 funding was announced. This justified the Council's position to avoid factoring in additional costs to the local taxpayer from COVID-19 at this point.

In addition to stakeholder feedback the Council also reviewed the impact of its third quarter financial forecasts.

Based on the feedback, and revised information, some changes have been made compared to the position presented in the Consultation. 'New' proposals have been marked as such within the MTFs, but include increases in budgets, for example, for Children's

Services to reflect the ongoing demand pressures on this service. To reflect the ongoing capacity of the organisation to manage change whilst adapting to potential changes to post-COVID-19 services a number of significant proposals have been reprofiled to ensure they can be achieved in a planned and appropriate way, albeit later in the MTFS period.

The proposals within the MTFS are affordable based on a council tax increase of 4.99% in 2021/22 and 1.99% thereafter, which is in line with Government expectations. The Council's strategy to increase council tax over recent years to reflect growing expenditure in Adult Social Care has been successful as the service is performing within budget and further growth is being managed by raising the further precept available, which is again ring-fenced specifically for Adult Social Care. The Council is not proposing to exceed the referendum limit set by the Secretary of State. Since Local Government Reorganisation the cumulative increase in council tax by Cheshire East Council is significantly lower than inflation and is amongst the lowest of any unitary authority in England.

Where specific proposals have been amended these changes are included within **Section 1** of the MTFS. **Annex 2** of the MTFS also describes the engagement activities carried out by the Council.

Changing the way we work and invest

The 2021 to 2025 Medium Term Financial Strategy also includes a plan to review and improve the way the council delivers its services including proposed reviews of the council's estate, improving customer services and increasing income.

Furthermore, the Treasury Management Strategy, Capital Strategy, Investment Strategy and Reserves Strategy, provide a framework to support achievement of the Corporate Plan by:

- Investing available balances to achieve financial returns
- Utilising an appropriate approach to borrowing
- Providing opportunities for commercial development that supports outcomes and provides financial returns
- Maintaining adequate reserves to manage financial risks and prevent short term deficits.

The combination of the strategies provides longer term financial stability, whilst also allowing the Council to react to market conditions and maintain a balanced approach to managing investment opportunities and risks.

The Council continues to review the arrangements in relation to the Council's wholly owned companies to ensure they deliver the maximum benefit to the Council and the Borough.

The Medium-Term Financial Strategy (Full Report)

As the Finance, ICT and Communication Portfolio Holder, I have developed the medium-term strategy, with elected members and the professional support of Alex Thompson (Director of Finance and Customer Services, Section 151 Officer) alongside the Council's senior leadership team.

The issues faced by the Council from COVID-19 in 2020 and 2021 have not only had a significant effect on the services we provide but have also made it extremely difficult for us to plan for the future.

We published a consultation in December 2020 that identified a balanced position for 2021/22 and 2022/23, but emerging funding gaps in 2023/24 and beyond. The consultation also identified how some very challenging changes were needed to provide services over the medium term. In drafting that document we made it clear that we would review this position if funding announcements from government would allow us to.

For the first time, we are putting in place a sustainable financial plan for the next 4 years. We have worked to develop a set of proposals that can balance the resources of the Council over the Medium Term 2021 to 2025 using the flexibility presented in the Spending Review 2020. This will create a level of certainty that is essential to developing services that will remain sustainable for the long term.

The Full Report provides comprehensive information on the issues facing the Council in the medium term and shows how these are being addressed to present a balanced financial position for the Medium Term 2021 to 2025.

Additional detailed analysis of the Council's financial position is contained within the Council's [Value for Money](#) publication. This illustrates the Council's financial position through the use of clear evidence and comparative data that helps with the overall understanding of financial information.

Effective management of the underlying budget has provided a solid financial platform during 2020/21, but current consultations on the Local Government Settlement provide no certainty of the models Central Government will use to determine future funding arrangements. We will continue to lobby with the rest of the local government sector for fair recognition and funding of the vital role local councils play.

Cllr Amanda Stott

Cllr Amanda Stott, Finance, ICT & Communication Portfolio Holder

Annex 1

Estimated Budget and funding for Cheshire East Council 2021/22 to 2024/25 (excluding ring-fenced grants).

Summary position for 2021/22 to 2024/25	Budget 2020/21 (Third Quarter Review) £m	Estimated Net Budget 2021/22 £m	Estimated Net Budget 2022/23 £m	Estimated Net Budget 2023/24 £m	Estimated Net Budget 2024/25 £m
People	180.8	187.7	187.1	188.0	192.7
Place	73.9	73.6	74.8	76.0	77.7
Corporate	34.2	36.2	36.6	37.8	39.1
Total Service Budgets	288.9	297.4	298.6	301.7	309.5
<i>CENTRAL BUDGETS:</i>					
Capital Financing	12.0	14.0	18.0	19.0	20.0
Past Pensions Adjustment from Actuary results	1.7	-2.8	-4.7	-3.2	-3.2
Income from Capital Receipts	-1.0	0.0	0.0	0.0	0.0
Bad Debt Provision increase	0.0	0.2	0.2	0.2	0.2
Use of (-)/Contribution to (+) General Reserves	0.0	0.0	0.6	0.6	0.0
Use of (-)/Contribution to (+) Earmarked Reserve	-0.7	2.3	1.5	1.2	-0.3
Total Central Budgets	12.0	13.7	15.5	17.8	16.7
TOTAL: SERVICE + CENTRAL BUDGETS	301.0	311.1	314.1	319.5	326.1
<i>FUNDED BY:</i>					
Council Tax	-229.5	-242.8	-250.1	-257.6	-265.2
Business Rate Retention Scheme	-49.8	-49.1	-49.1	-49.1	-49.1
Revenue Support Grant	0.0	0.0	0.0	0.0	0.0
Specific Grants	-21.5	-19.2	-14.9	-12.8	-11.8
Collection Fund Surplus(-)/Deficit(+)*	-0.1	0.0	0.0	0.0	0.0
TOTAL: FUNDED BY	-301.0	-311.1	-314.1	-319.5	-326.1
Funding Deficit / (Surplus)	0.0	0.0	0.0	0.0	0.0

* To be managed through the Collection Fund Earmarked Reserve from 2021/22

Cheshire East Council Medium Term Financial Strategy 2021-25

February 2021

An Open, Fairer, Greener Cheshire East

Foreword from the Finance, ICT and Communication Portfolio Holder

Dealing with financial challenges

The Council is dealing with increasing demand for services, at a time of little certainty around the future of Local Government funding from Central Government. We have therefore created a Medium-Term Financial Strategy that focuses on locally predictable resources funding locally provided services that are sustainable.

We published a consultation in December 2020 that identified a balanced position for 2021/22 and 2022/23, but emerging funding gaps in 2023/24 and beyond. The consultation addressed short term requirements to balance the budget and identified how some very challenging changes were needed to provide services over the medium term. In drafting that document we made it clear that we would review this position if funding announcements from government would allow us to.

The Government's Spending Review presented an opportunity to review our position although this brought about the equally challenging decision about increasing council tax levels. The Chancellor announced a 4.5% increase in spending power for Local Authorities as part of the Spending Review 2020, however this is almost entirely funded by increases in Council Tax, which should be a local discretion. The Institute for Fiscal Studies have provided frequent updates on the impact of government funding announcements, members should refer to www.ifs.org.uk for more information. Provision of appropriate services over the period of the MTFS has been the overriding reason behind our decision to follow the Government's assumptions to fund service demands through council tax increases. But in doing so we have developed a

balanced four-year strategy, which is something I am immensely proud of, and something that Cheshire East Council has not done before.

Consultation feedback made it clear that the Council should use council tax increases, price increases and efficiencies in combination to achieve a sustainable level of services. This MTFS does this. And as part of this approach we will also review the Council Tax Support Scheme to see how we can protect households on low incomes under this approach.

It is essential to balance resources against forecast spending levels, as the Council has relatively low levels of reserves. Reserves cannot therefore be used to manage the risk of potential reductions in income. There is only a single year funding settlement from Central Government. There are also pending reviews of key income sources such as business rates and the New Homes Bonus planned during the medium term. This situation supports the approach to balance costs against funding with very limited reliance on government funding.

Current service levels are being maintained in the immediate term in most instances. But the Council will embark on significant reviews of essential activity and consider opportunities to use digital technology wherever we can without reducing access to our service users.

Achieving our plans

The proposals in this document reflect the detailed work by members and officers prior to the publication of the consultation, as well as feedback from all stakeholders during the consultation. The proposals include important recognition of the Council's priority to reduce carbon emissions and focus on climate change.

The Council has also taken the opportunity to minimise the financial risks of underachieving large-scale savings programmes when the organisation's resources are still focused on the emergency response through appropriate profiling and timescales and adding sufficient financial capacity to manage well planned change. Estimates within this budget are based on business cases. This reflects the need to deliver essential services within spending limits in year and therefore reduce the likelihood of overspending requiring funding from reserves, which is not a sustainable option.

On a final note, it is important to recognise that this Medium-Term Financial Strategy will be managed under the Council's new Committee System. This new form of governance will increase the engagement of all members in achieving the Corporate Plan and balancing the budget. Taken together the new Corporate Plan and MTFS form a policy and financial framework for the next four years. Presenting a balanced four year position, with a new Corporate plan for a new system of governance is a strong position to be in that can ensure local services, and local decisions, will be shaped to improve lives for local people.

Cllr Amanda Stott

Cllr Amanda Stott, Finance, ICT & Communication Portfolio Holder

Report from the Director of Finance and Customer Services (Section 151 Officer)

Under Section 25(1) of the Local Government Act 2003, I am required to report on the robustness of the estimates in the budget and the adequacy of the proposed reserves. The Council must have regard to this report when making decisions in respect of the budget.

The financial impact of COVID-19 has been significant. In May 2020 the forecasts presented a concern to the Council, when estimates identified a shortfall between the costs of responding to the pandemic locally and the level of resources and reserves available. This concern was raised with members, and suitable reassurances were required from MHCLG that this was being addressed, but significant risk still remains.

The Council worked with the Local Government Association, County Council's Network and various Treasurer groups to liaise with government departments on the additional costs and lost income linked to responding to and recovering from the pandemic.

The Government has responded with varied funding support packages and guidance. Throughout the crisis the Council has put the safety of people first and worked closely with communities, service providers and businesses to ensure that recovery from the pandemic can be effective.

Financial support from Government in relation to COVID-19 continues, but by February 2021 it already totalled commitments in excess of £240m. This is provided in the form of reliefs and grants for local businesses, support for care homes, vulnerable people, and those on low incomes in the community. Additional support has been provided to the Council in respect of its income losses, and

additional expenditure relating to managing the outbreak, with further funding expected in 2021/22. This response has alleviated the position where resources were inadequate.

The full financial impact of COVID-19 will remain unclear until the pandemic is over, and a more sustained level of services and funding has been re-established. Members should continue to be alert to the fact that the MTFS 2021 to 2025 only recognises that COVID-19 related costs associated with the Capital Programme and the Collection Fund may require local funding. In each of these areas the Council will be required to use Earmarked Reserves specifically linked to these activities to manage the impact over time, a position which is of course not sustainable.

To recognise the impact of the ongoing response to COVID-19 in 2020/21, and the effect this has on the capacity of the organisation, some savings proposals put forward in the budget consultation in December have been delayed in several areas to support more opportunities to review the post-COVID-19 service requirements. If the response to COVID-19 continues, or if more severe local impacts are recognised during the recovery process then forecast savings may be delayed further putting the balanced MTFS position at risk.

Robust Estimates

The process to produce the Council's Medium-Term Financial Strategy for 2021 to 2025 engaged a wide array of stakeholders throughout 2020/21. This process included virtual meetings with elected members and staff of the authority as well as presentations

to businesses and partners alongside the public consultation. All responses have been coordinated and the results provided to all members in advance of the February Council meeting. All changes proposed for the 2021/22 budget are backed with appropriate business cases and equality impact assessments. Changes to proposals since the consultation are clearly identified within this document.

The Medium-Term Financial Strategy relies upon the closing balances and performance within the 2020/21 financial year, which continues to be extremely challenging to predict during the response to the COVID-19 pandemic. Estimates suggest the underlying budget, without the impact of COVID-19 has performed well and presents a sound base for setting future budgets. The only areas highlighting significant financial pressures have been the Children's Social Care budget and funding for Housing Benefits.

Due to a trend of over-spending on Children's Services several proposals identified in the budget consultation have been deferred. Additional money has also been included to support a significant review of this service to enable development of a more robust and sustainable budget. It is still forecast that savings will be achievable within Children's Services over the medium term. Additional funding is also being provided, based on claims data for Housing Benefits to minimise the risk of any recurrence of this issue.

To address the potential continuing reduction in government funding council tax increases have been included in the MTFS in line with government expectations. Assumptions also include the reduction of government grants over the medium term. Although there is no indication from government on the content of future settlements, further reductions present a reasonable assumption based on recent trends and emerging methods of calculating grants. Assumptions have also been made for growth in costs associated with demand and inflation. Annual growth of at least

£4m in Adult Social Care has been included to reflect the ongoing pressure in this service for example. In response to the spending review, which has restricted borrowing solely to achieve yield, proposals have also been removed in relation to the development of a commercial property portfolio. Further restrictions in this area are likely.

These assumptions and response to recognised issues creates a robust set of financial proposals. Implementation will remain challenging and will soon become the remit of the Council's new Committee System. Achievement of business cases will be particularly difficult if capacity is reduced due to any emerging issues. There does however remain adequate scope to ensure stakeholders continue to be engaged in any changes to service levels though.

Adequate Reserves

The Reserves Strategy provides information on the impact of the MTFS on the Council's reserves. In considering whether reserves are adequate I have reflected on ongoing work by CIPFA to produce a resilience index as well as considering local and national risks. It remains clear that Cheshire East Council's useable reserves are low compared to other similar authorities at only 3.3% of the net revenue budget.

Achieving spending in line with the 2020/21 budget has not increased the risk, which reflects the quality of the Council's response to this position in February last year. That said, overspending has continued in relation to Children's Social Care, this has not impacted reserves due to underspending elsewhere in the budget, and the assessment of robust estimates in this area is again a feature of the MTFS. Reversing the trend of overspending in these services is essential to the management of the MTFS.

General reserves are due to increase marginally over the next four years to £11.5m, which will be 3.5% of the net budget by 2024/25. This reflects the increasing size of the annual budget, but also the fact that forecast spending in later years of the MTFS may be subject to change based on new information. Even this level of reserves is low, so does not provide any scope for non-delivery of proposals within the MTFS.

Earmarked reserves will be required during the next four years to support the Capital Financing Budget and Collection Fund. This approach is strategic, but ultimately not sustainable in the long term. It reflects potential year-on-year variations that can occur in these budgets without incurring the potential negative impacts on services in one year which may be unnecessary in another. Capital Receipts will also be used to support one-off transformation activity in line with government guidance. This is confirmed, and not speculative, but again is a clear indication that one-off funding will be used to sustain the MTFS.

Although reserves are adequate to support the proposals within this four year strategy, members must recognise that there is virtually no scope for variation without alternative matching proposals coming forward to retain the balanced position.

Conclusion

Based on my engagement and observations of the process to determine a balanced budget for 2021/22 I can report that the budget presents a robust set of forecasts, subject to the achievement of proposals identified within this report.

Based on my assessment of the risks the Council is able to articulate at this point in time I am satisfied that the Reserves Strategy presents an adequate level of reserves to manage risks as part of a Medium-Term Financial Strategy.

I will monitor the impact of the closure of the 2020/21 financial year, and review in-year performance, in order to provide timely updates over the medium term. The greatest level of uncertainty will be the ongoing and legacy financial impacts of COVID-19.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

Director of Finance and Customer Services

(Section 151 Officer)

Table 1 – Four Year Summary Position

Estimated Budget and funding for Cheshire East Council 2021/22 to 2024/25 (excluding ring-fenced grants)

Summary position for 2021/22 to 2024/25	Budget 2020/21 (Third Quarter Review) £m	Estimated Net Budget 2021/22 £m	Estimated Net Budget 2022/23 £m	Estimated Net Budget 2023/24 £m	Estimated Net Budget 2024/25 £m
People	180.8	187.7	187.1	188.0	192.7
Place	73.9	73.6	74.8	76.0	77.7
Corporate	34.2	36.2	36.6	37.8	39.1
Total Service Budgets	288.9	297.4	298.6	301.7	309.5
<i>CENTRAL BUDGETS:</i>					
Capital Financing	12.0	14.0	18.0	19.0	20.0
Past Pensions Adjustment from Actuary results	1.7	-2.8	-4.7	-3.2	-3.2
Income from Capital Receipts	-1.0	0.0	0.0	0.0	0.0
Bad Debt Provision increase	0.0	0.2	0.2	0.2	0.2
Use of (-)/Contribution to (+) General Reserves	0.0	0.0	0.6	0.6	0.0
Use of (-)/Contribution to (+) Earmarked Reserve	-0.7	2.3	1.5	1.2	-0.3
Total Central Budgets	12.0	13.7	15.5	17.8	16.7
TOTAL: SERVICE + CENTRAL BUDGETS	301.0	311.1	314.1	319.5	326.1
<i>FUNDED BY:</i>					
Council Tax	-229.5	-242.8	-250.1	-257.6	-265.2
Business Rate Retention Scheme	-49.8	-49.1	-49.1	-49.1	-49.1
Revenue Support Grant	0.0	0.0	0.0	0.0	0.0
Specific Grants	-21.5	-19.2	-14.9	-12.8	-11.8
Collection Fund Surplus(-)/Deficit(+)*	-0.1	0.0	0.0	0.0	0.0
TOTAL: FUNDED BY	-301.0	-311.1	-314.1	-319.5	-326.1
Funding Deficit / (Surplus)	0.0	0.0	0.0	0.0	0.0

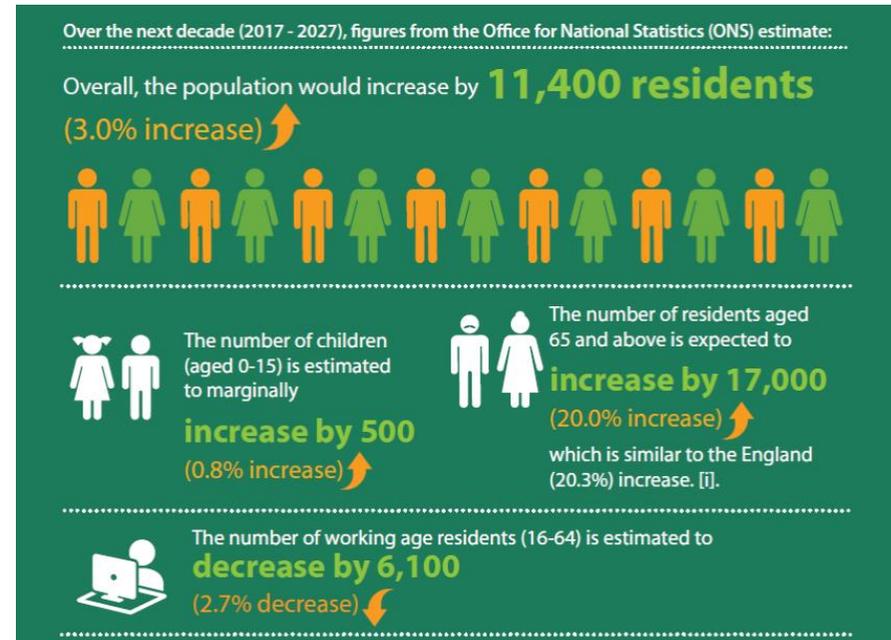
* To be managed through the Collection Fund Earmarked Reserve from 2021/22

Section 1 – Context & Budget Proposals

Cheshire East Council is responsible for providing approximately 500 local public services across an area of over 1,100km² for over 384,000 residents.

As a place we have a fantastic mix of rural and urban environments. However, the most important element of Cheshire East is its people and we will strive to make sure we have a Council that serves its diverse communities well and delivers value for money. We want to see Cheshire East Council build a national reputation for customer services and partnership working, and to build a clear programme that continually delivers successful outcomes for all of its residents.

For further information please see our [borough profile](#).



Our Residents



51%
are female



49%
are male.

17.5%
of Cheshire East residents have a long-term health problem / disability.



40,003
residents are 'unpaid carers', with 8,024 providing at least 50 hours per week.



Between the 2001 and 2011 Census, the average age of residents has increased from 40.6 years to

43.6 years

By 2030, the average age of residents is expected to further increase to approximately 47 years.



The proportion of Cheshire East residents who classed themselves as White British is

93.6%



5.1%
of Cheshire East residents were born outside the British Isles, with 2.7% born outside the EU.



The most common non-British Isles countries for residents to have been born in are Poland and India.



We have fewer 'working age' and under 16s living in our area compared to North West and national averages. However, our 65+ population is larger than average. This brings additional pressures for us in ensuring we have the capacity to deliver services to our residents as they need them.



3%

of Cheshire East households have members for whom English is not the main language, and, in half of these households, no members have English as their main language.



We know that our population, when compared to the region and the UK has an older demographic profile.



Whilst we have a smaller than average 'working age' population, more people are in work with a low unemployment rate (3.2%) - lower than regional and national averages and with a lower number of 'workless' households. Those who are employed earn higher than average earnings.

[j] 2016 Sub-National Population Projections, Office for National Statistics, Crown Copyright.

Changes during the consultation period (December 2020 to January 2021)

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Ensure that there is transparency in all aspects of Council decision making -					
1	Local Election Costs	0.150			
Listen, learn and respond to our residents, promoting opportunities for a two-way conversation					
2	Census 2021	-0.020			
[NEW]	CSC Transformation and OFSTED Response	1.500	-1.500		
Support and sustain a financial future for the Council, through service development, improvement and transformation					
3 [REPLACED]	<i>Pay inflationary increase</i>	4.591	3.825	3.907	3.998
3 [REPLACEMENT]	Pay inflationary increase	1.662	3.753	3.833	3.922
4	Housing Benefit – Supported Accommodation	1.300			
5	Core Financial System	0.764	-0.459		
6	Mitigation of reduction in the Dedicated Schools Grant (Corporate Services)	0.117	0.042	0.033	0.027
7	Mitigation of the year-on-year reduction in the Dedicated Schools Grant (ICT)	0.033	0.065	0.089	0.109
8	Direct Payments	-1.000			
9 [REPLACED]	<i>Continuing Healthcare Reviews</i>	-1.000	-1.000		
9 [REPLACEMENT]	Continuing Healthcare Reviews	-0.500	-1.000	-0.500	

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
10 [REPLACED]	<i>Prevention and Early Help Service – Reduction of frontline workers in Prevention</i>	-0.265	-0.697		
10 [REPLACEMENT]	Prevention and Early Help Service – Reduction in the cost of Prevention Services			-0.200	
11 [REPLACED]	<i>Reduce the numbers of Business Support Staff in line with the repurposing of Children & Family Centres</i>	-0.200			
11 [REPLACEMENT]	Reduce the numbers of Business Support Staff in line with the repurposing of Children & Family Centres		-0.200		
12 [REPLACED]	<i>Reduce Base budget assigned to Community Grants</i>	-0.150			
12 [REPLACEMENT]	Reduce Base budget assigned to Community Grants	-0.050	-0.100		
13 [REPLACED]	<i>Efficiency savings and Restructures within Corporate Services</i>	-0.300	-0.250		
13 [REPLACEMENT]	Efficiency savings and Restructures within Corporate Services	-0.200	-0.350		
14 [REPLACED]	<i>Review Terms and Conditions</i>	-0.300	-0.100	-0.100	
14 [REPLACEMENT]	Review Staff Terms and Conditions	-0.050	-0.350	-0.100	
15	Shared services review			-0.200	
16	Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	-0.290	0.225	0.050	0.050
17	Capital Programme Review	-1.000	1.000		
18	Member allowances and reduced mileage	-0.030			
19	Reduced travel and supplies and services for Early Help services	-0.026			
20	Reduce pensions budget to match latest forecasts	-0.140			
21	Review of corporate subscriptions	-0.035	-0.015		

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
22	Flexible Resourcing for Service Delivery for Regulatory Services	-0.050			
23 [REPLACED]	<i>Urban Grass Cutting</i>	-0.100			
23 [REPLACEMENT]	Urban Grass Cutting	-0.067			
24 [REPLACED]	<i>Improving customer experience – Highways correspondence</i>	-0.100			
24 [REPLACEMENT]	Improving customer experience – Highways correspondence	-0.050	-0.050		
25	Transfer of Congleton Visitor Information Centre	0.001	-0.020	-0.010	-0.020
26	Regulatory Services and Environmental Health ICT procurement		-0.009		
27	CCTV migration to wireless networks		-0.085		
28	Constellation Partnership	-0.040			
[REPLACED] Maximise Commercial Opportunities for the Council					
[REPLACEMENT] Look at opportunities to bring more income into the borough					
29	Orbitas income and management fee	0.032	0.021		
30	Public Rights of Way Resources (Revenue implications of Capital)	0.010			
31	Everybody Sport and Recreation Annual Management Fee	-0.043	-0.042	-0.041	-0.040
32	Commercial Workstream	-0.100			
33	Commercialisation of the Highway Service Contract	-0.080			
34	Brighter Futures Together Programme Customer Experience	-0.120	-0.133	-0.081	
35	Contract savings in the Peoples Directorate	-0.500			
36	Client Income in the Peoples Directorate	-0.100			

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
37	Establish an Education Psychologist traded service to enable a proactive early support and intervention offer		-0.025	-0.075	
38	Establish a traded service for non-statutory elements of Attendance Service		-0.035	-0.035	
39	Review of governance of ASDVs and seeking increased opportunities for savings/ commercial opportunities	-0.315	-0.225	-0.100	
40	Increase income from hire of Children's Centres	-0.010			
41	Ansa income generation and efficiencies - Food Waste Recycling	-0.259			
42	Strategic Leisure Review		-0.250		
[NEW]	Investment Income: Income Target Adjustment	0.575			
Support and develop our workforce to be confident, motivated, innovative, resilient and empowered					
43 [REPLACED]	<i>Infrastructure Investment Programme (Revenue implications of Capital)</i>	0.310	0.410	0.520	
43 [REPLACEMENT]	Infrastructure Investment Programme (Revenue implications of Capital)	0.059	0.127	0.224	
44	Unified Communications (Revenue implications of Capital)	0.251	0.283	0.296	
45	People Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	0.060	0.063	0.066	0.019
46	Place Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	0.011	0.011	0.011	0.011
47	Corporate Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	0.002	0.002	0.002	0.002
48 [REPLACED]	<i>Productivity and Efficiency in Adult Social Care</i>		-1.000		

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
48 [REPLACEMENT]	Productivity and Efficiency in Adult Social Care		-0.500	-0.500	
49	Estates Transformation - Office Accommodation	-0.044	-0.100	-0.460	
50	Prevention and Early Help Service – Locality working and changes to the management structure of the Family Service		-0.140		
51	Neighbourhood Estate Review	-0.090	-0.260		
52	Increased Useage of Digital Technology	-0.125			
53	To review of use of School Improvement Grant to provide capacity to support maintained schools	-0.060			
54	Reduce central training budget	-0.080			
Reduce health inequalities across the Borough					
55	Pathfinder Cheshire East - Cheshire Community Action	-0.100			
56	Mental Health Floating Support	-0.120			
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia					
57	Investment in Adult Social Care	4.000	4.000	4.000	4.000
58	Growth for Care Fees in Adult Social Care	2.441			
59	Extra Care Housing – Catering / Restaurant Provision	0.300			
60	Investment in Advocacy Service	0.112			
61 [REPLACED]	<i>Direction of travel for the Communities Team to focus more on the Intervention and Prevention Agenda to make cost savings, growth and future cost avoidance</i>	-0.750	-0.750		
61 [REPLACEMENT]	Direction of travel for the Communities Team to focus more on the Intervention and Prevention Agenda to make cost savings, growth and future cost avoidance	-0.250	-0.500	-0.750	

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
62	Fund the Cygnet programme for cared for children from pupil premium	-0.015			
63	Day Opportunities, Redesign, Strategy and Savings	-0.030	-0.070	-0.150	
64 [REPLACED]	<i>Mental Health Services Review</i>	-1.000			
64 [REPLACEMENT]	Mental Health Services Review	-0.500	-0.500		
65	Review agreements linked to intermediate care beds	-0.268			
66	Reduced capacity in Family Information Service	-0.050			
67	Electronic Call Monitoring Reclamation	-0.245	-0.030		
68	Cheshire Care Record	-0.138			
69	Review the use of the Cheshire East Lifelong Learning Service grant to reduce the requirement of Council funding	-0.110			
70	To reduce costs of School Liaison and Governance service with less use of external support	-0.010			
Safeguarding our children from abuse, neglect and exploitation					
71 [REPLACED]	<i>Increase capacity in SEND service to meet continuing demands on the service</i>	0.100			
71 [REPLACEMENT]	Increase capacity in SEND service to meet continuing demands on the service	0.380			
72 [REPLACED]	<i>Move to Integrated Early Help Locality Service model</i>	-0.167			
72 [REPLACEMENT]	Move to Integrated Early Help Locality Service model		-0.167		
73 [REPLACED]	<i>Learning Disabilities Future Service Development and Review</i>	-1.000	-1.000	-1.000	
73 [REPLACEMENT]	Learning Disabilities Future Service Development and Review	-0.750	-1.000	-1.250	
74	Reduce supplies and services in Children's Centres by 20%	-0.032			

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
75 [REPLACED]	<i>Reduction in cost of external placements for cared for children</i>	-0.435	-1.571	-2.007	
75 [REPLACEMENT]	Reduction in cost of external placements for cared for children		-1.530	-2.171	-0.707
Increase the life opportunities for young adults and adults with additional needs					
76	Development and Partnerships Service			-0.300	
Be the best Corporate Parents and improve outcomes for vulnerable children and young people					
77	Investment in Cared for Children and Care Leavers	1.300	1.300	1.300	
A collaborative way of working with partners and families to support children to achieve their full potential					
78	Reduction in contribution to Cheshire Youth Justice Service	-0.045			
A great place for people to live, work and visit					
79	Development of a Transit Site (Revenue implications of Capital)	0.027			
80	Tatton Park		-0.006	-0.028	-0.046
81 [REPLACED]	<i>Asset / Service Transfer</i>	-0.150	-0.030	-0.020	
81 [REPLACEMENT]	Asset / Service Transfer	-0.050	-0.030	-0.020	
Welcoming, safe and clean neighbourhoods					
82	Fixed Penalty Income target	0.118			
83	Housing Services	-0.045			
To reduce the impact on our environment					
84	Waste Contract Inflation and Tonnage Growth	0.810	0.644	0.657	0.613
85 [REPLACED]	<i>Environment Strategy and Carbon Neutrality</i>		0.020	-0.081	
85 [REPLACEMENT]	Environment Strategy and Carbon Neutrality	0.096	0.020	-0.081	
86	Tree Risk Management		0.500		

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
87	Carbon Reduction - Replacement of existing illuminated signs and bollards with LED units		0.030	-0.004	-0.031
A transport network that is safe and promotes active travel					
88	Parking Strategy (Revenue implications of Capital) - Subject to separate consultation	-0.327	-0.955		
<i>89 [REPLACED]</i>	<i>Local Supported Buses - Subject to separate consultation</i>	<i>-0.117</i>			
89 [REPLACEMENT]	Local Supported Buses - Subject to separate consultation	-0.033	-0.117		
90	Community Transport	-0.025			
[NEW]	Review of Children and Families Transport Policies and delivery arrangements		-0.200	-0.300	-0.200
[NEW]	Transport Management Fee savings will not be delivered due to COVID-19 placing additional pressure on transport to school	1.000			
Total Proposed Service Budget Change (December 2020)		4.689	3.185	6.239	8.692
Total Revised Service Budget Change (February 2021)		8.493	1.133	3.205	7.709

Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
[REPLACED]	<i>Increased Council Tax Base - % increase planned at 1.99%</i>	-4.567	-4.694	-4.835	-4.979
[REPLACEMENT]	Increased Council Tax Base - % increase planned at 4.99%	-11.452	-4.833	-4.977	-5.126
[REPLACED]	<i>Increase Council Tax Base - New Homes</i>	-1.838	-2.365	-2.412	-2.461
[REPLACEMENT]	Increase Council Tax Base - New Homes	-1.892	-2.435	-2.483	-2.533
	Central Pension adjustment based on Actuary results	-4.567	-1.900	1.500	
[REMOVED]	<i>Use of Earmarked Reserve - Collection Fund deficit</i>	-2.000			2.000
[REPLACED]	<i>Use of (-) / Contribution to (+) Earmarked Reserves - General</i>	2.237	-0.881	-0.820	
[REPLACEMENT]	Use of (-) / Contribution to (+) Earmarked Reserves - General	3.022	-0.873	-0.853	-2.076
[REPLACED]	<i>Deficit on Collection Fund due to COVID-19</i>	2.147			-2.000
[REPLACEMENT]	Deficit on Collection Fund due to COVID-19	0.147			
[REPLACED]	<i>Minimum Revenue Provision</i>	2.000	3.977	1.024	1.000
[REPLACEMENT]	Minimum Revenue Provision	2.000	4.000	1.000	1.000
	Capital Receipts Income removed from base budget	1.000			
	Reduced commercial growth in Business Rates Retention Scheme	0.700			
	Bad Debt Provision	0.200			
[REPLACED]	<i>Contribution to General Reserves</i>		1.000		-1.000
REPLACEMENT	Contribution to General Reserves		0.600	0.600	
[REPLACED]	<i>Change to New Homes Bonus funding estimate</i>		1.679	1.427	1.213
REPLACEMENT	Change to New Homes Bonus funding estimate	3.352	3.920	1.960	0.980
{NEW}	Specific Grant changes - provisional local settlement announcement	-1.002	0.387	0.049	0.046

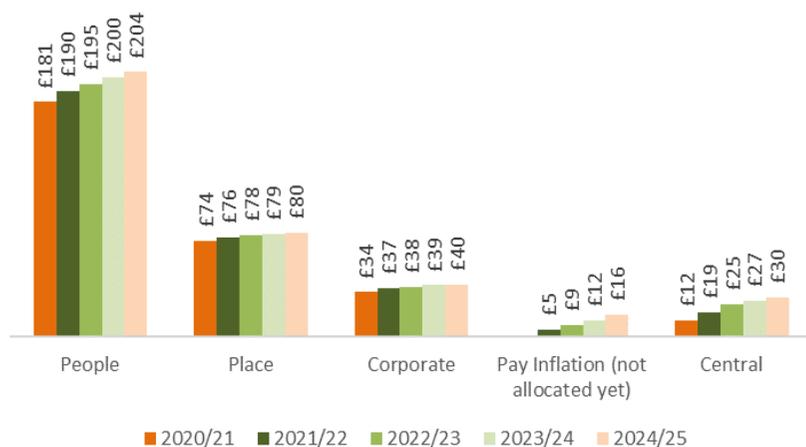
Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Total Proposed Central Budget Items (December 2020)		-4.689	-3.185	-4.116	-6.227
Revised Central Budget Items (February 2021)		-8.493	-1.133	-3.205	-7.709
Funding Deficit at Pre Budget Consultation (cumulative)		0.000	0.000	2.123	4.589
Funding Position (February 2021)		0.000	0.000	0.000	0.000

Summary List of Changes during consultation period	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Listen, learn and respond to our residents, promoting opportunities for a two-way conversation	+1.500	-1.500		
Support and sustain a financial future for the Council, through service development, improvement and transformation	-1.431	-0.075	-0.774	-0.076
Look at opportunities to bring more income into the borough	+0.575			
Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	-0.251	+0.217	-0.796	
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	+1.000	-0.250	-0.750	
Safeguarding our children from abuse, neglect and exploitation	+1.132	-0.126	-0.414	-0.707
To reduce the impact on our environment	+0.096			
A transport network that is safe and promotes active travel	+1.084	-0.317	-0.300	-0.200
Increased Council Tax	-6.939	-0.209	-0.213	-0.219
Use of / Contribution to Reserves	+2.885	-0.392	+0.567	-3.076
Change in Grant Funding	+2.350	+2.628	+0.582	-0.187
Other Central Budget Adjustments	-2.000	+0.023	-0.024	+2.000
Total (Cumulative)	0.000	0.000	-2.123	-4.589

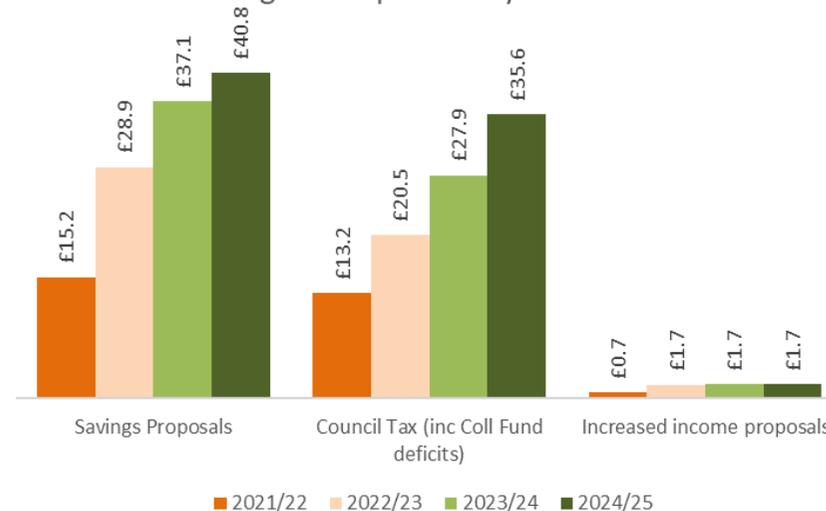
Without action budgets across all services were growing at unaffordable rates. Over the four-year period there was a forecast shortfall of c.£50m.

The response by the Council includes a mixture of savings, Council Tax increases and increases in income from services that are charged for.

Projected Budgets, by service area (£million)

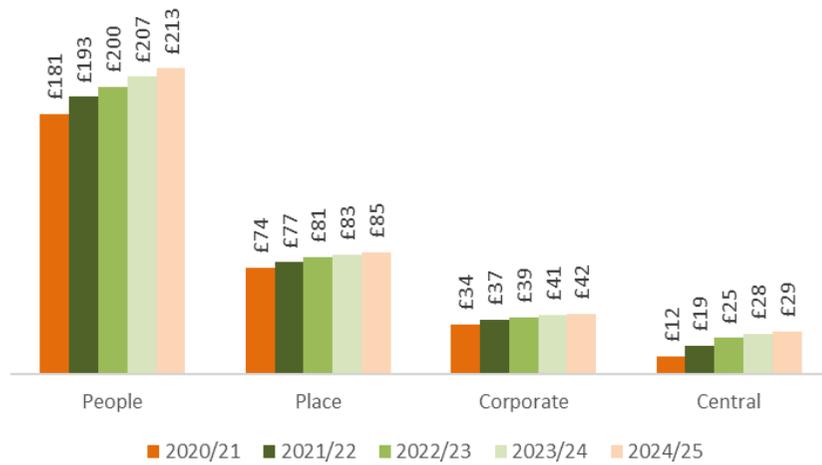


Funding, Income and Savings proposals - change from previous year (£million)



Spending in People Services continues to be the most significant proportion of spending for CEC and sees the most significant increases over the medium term.

MTFS Budgets, by service area (£million)





Understanding the financial tables in this document

Budget changes in this document are expressed as **incremental changes** to the Council's Approved Budget for 2020/21.

Each proposed change is included in a table as described below:

Theme of the Potential Change(s) (such as "Transparency" or "Listen, Learn")	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[x] Number and Title of Proposed change [REVISED] <i>if change from budget consultation</i></p> <p>A narrative to describe what the proposal is</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-x.xxx	-x.xxx	-x.xxx	-x.xxx
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Revenue expenditure is incurred on the day-to-day running of the Council. Examples include salaries, energy costs, and consumable supplies and materials.

Capital expenditure is incurred on the acquisition of an asset, or expenditure which enhances the value of an asset.

Current budgets are detailed in the Medium-Term Financial Strategy.

Changes to Capital budgets are split by the year in which expenditure is incurred.

Figures represent an increase or decrease in spending compared to the 2020/21 Approved Budget.

Each subsequent year represents the change from the previous year.

Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Open

We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East

Priority Aim 1: Open

Proposals to vary the Budget under our Priority to be Open are focused on these areas:

Transparency Ensure that there is transparency in all aspects of Council decision making	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[1] Local Election Costs</p> <p>All-out elections are held in every four years for all Borough Council seats across all Borough Wards of Cheshire East, and for all Town and Parish Councils within Cheshire East area. The next all-out elections are scheduled for May 2023. To date the elections have been funded by the Election Reserve i.e. the underspend, from the Electoral Services budget each year, being rolled forward to the fourth year with the agreement that any deficit will be funded. The underspend is not sufficient to meet the anticipated costs so this additional funding will ensure adequate provision.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<p>+0.150</p>			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Listen, Learn Listen, learn and respond to our residents, promoting opportunities for a two-way conversation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[2] Census 2021 <p>In March the 2021 Census will take place. Activities are underway to support and promote participation and response supported by a one-year allocation of revenue funding received for 2020/21. No further funding is required for 2021/22 onwards and as such £20,000 can be removed.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.020			
[NEW] Children’s Social Care Transformation and OFSTED Response <p>This one-off investment will support the delivery of frontline services and care for our most vulnerable children. The directorate will target areas that require improvement following the ILACS (Inspection of Local Authority Children’s Services) visit in December 2019 and it will provide a significant opportunity to ensure resources go towards improving the lives of children and families.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+1.500	-1.500		
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[3] Pay inflationary increase [REVISED]</p> <p>Increases in employee-related costs over the medium term. Items covered by this proposal include review of pay structures; spinal point incremental increases for eligible staff and annual nationally negotiated pay awards (also see Annex 4 Workforce Development).</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+1.662	+3.753	+3.833	+3.922
<p>[4] Housing Benefit – Supported Accommodation</p> <p>To provide additional funding to cover the rising costs of Housing Benefit for Supported Exempt Accommodation.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+1.300			
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[5] Core Financial System</p> <p>Revenue funds are required to cover the running costs of the Council's existing business system (Oracle) during the period of decommissioning where there will be dual running with the new system. This need has arisen as a result of changes authorised through the B4B Programme governance and the early realisation of associated savings in previous years. Funds are also required to offset unachievable B4B programme savings attributed to Human Resources, and the Transactional Shared Service budget which has a shortfall due to pay inflation not being applied in previous years.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.764	-0.459		
<p>[6+7] Mitigation of reduction in the Dedicated Schools Grant</p> <p>The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises two distinct elements: ongoing responsibilities and historic commitments. The DfE have begun to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013/14, and which have been unwinding since. For CEC this impacts prudential borrowing repayments, budgets for ICT contracts and data intelligence.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.150	+0.107	+0.122	+0.136
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21.</p> <p style="text-align: center;"><i>Subsequent years are the incremental change from the previous year</i></p>				

Financial Sustainability Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[8] Direct Payments This proposal is to recover excess Direct Payments funds from people who hold a Direct Payment, in accordance with the Council's Direct Payment policy, via the completion of a telephone assessment. The same exercise has historically involved a paper-based reclaim exercise to request return of excess balances above the 4-week contingency permitted in the policy. It is envisaged that completing the exercise in this way will achieve three important outcomes: increased response rate, recovery of excess funds and revision to Personal Budget values. <i>Impact on service budget =</i>	-1.000			
[9] Continuing Healthcare Reviews [REVISED] NHS Continuing Health Care is arranged and funded by the NHS for people who have complex ongoing healthcare needs. We intend to undertake reviews of Nursing Home placements and complex care packages to identify those people who have a primary health need and are therefore eligible for Continuing Healthcare Funding. This is to ensure that those who are eligible receive Continuing Healthcare Funding. This will be done in conjunction with our NHS colleagues. <i>Impact on service budget =</i>	-0.500	-1.000	-0.500	
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[10] Prevention and Early Help Service – Reduction of the cost of Prevention Services [REVISED]</p> <p>Once locality working is well embedded, the volunteer service is delivering excellent outcomes and as a partnership our Council services are no longer having to lead on the high majority of prevention casework, we will be in a position to streamline our teams accordingly and reduce the number of family service workers. Reduced demand would allow us to reduce the number of frontline workers in the Family Service and Children’s Centres.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>			-0.200	
<p>[11] Reduce the numbers of Business Support Staff in line with the repurposing of Children and Family Centres [REVISED]</p> <p>This proposal reflects a change in the way we will operate Children’s Centres and Family Centres moving forwards with less requirement to offer full time reception duty cover and with the recent investment, to enable staff to work remotely and offer more services in a virtual, digital capacity. This re-organisation is required in order to streamline Business Support which means we have flexibility to cover fewer bases and at different times of operation. This will support better integrated working with NHS services moving forwards.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.200		
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[12] Reduce Base budget assigned to Community Grants [REVISED]</p> <p>The Council currently spends up to £200,000 per annum on Community Grants, most recently known as the Bright Idea Fund. Given the Council's current financial situation the Community Grants will reduce to £150,000 per annum in 2021/22, and to £50,000 per annum in 2022/23.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.050	-0.100		
<p>[13] Efficiency savings and Restructures within Corporate Services [REVISED]</p> <p>All areas of the Corporate Services Directorate will look at ways to achieve efficiency savings, reduce costs and generate income. This will include staff restructures to focus on priority activities, self-service and digital solutions and any other suitable ways to reduce the cost base.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.200	-0.350		
<p>[14] Review Staff Terms and Conditions [REVISED]</p> <p>Seek to negotiate a review of staff terms and conditions of service across all service areas to ensure that the Council is aligned with legislative changes, best practice, remote and other new ways of working.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.050	-0.350	-0.100	
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21.</p> <p style="text-align: center;"><i>Subsequent years are the incremental change from the previous year</i></p>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[15] Shared services review</p> <p>A review of each service, shared between Cheshire East and Cheshire West and Chester Councils, will take place to ensure they are delivering value for money, that there is merit in continued collaboration, they are efficient and effective in their operational delivery, and identify opportunities for efficiencies.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>			-0.200	
<p>[16] Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels</p> <p>To provide appropriate funding for services by reducing the level of debt owed to the Council through extended pre-payment and increased debt recovery. To also further reflect that improved debt collection over time reduces income from Court Costs, which are already forecasting a budget shortfall.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.290	+0.225	+0.050	+0.050
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Financial Sustainability Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[17] Capital Programme Review</p> <p>The repayment and management of debt is frequently reviewed, to assess value for money and appropriateness, based on the current financial circumstances of the Council. The Council has implemented the option under its MRP policy to apply the annuity method instead of the straight-line method. This approach will deliver budgetary savings in the short term but does not alter the overall liability for the financing of the capital programme as the liability is deferred. The Council will seek to mitigate these future pressures through its longer-term financial strategies, the capital financing budget will be increased accordingly and will take account of available capital resources, including the use of anticipated capital receipts.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-1.000	+1.000		
<p>[18] Member allowances and reduced mileage</p> <p>To make a one-off, but permanent, saving from the Members Allowances (Travel element of the) Democratic Services Budget of £30,000, to reflect the existing, and expected continued, lower level of claims for travel allowances due to changes in Member working arrangements. This change is attributed to the new virtual working arrangements permitted by legislation, whereby Members are no longer travelling to meetings.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.030			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[19] Reduced travel, supplies and services for Early Help services</p> <p>As a result of COVID-19, improved locality working and partnership working and a successful volunteer service, we will be able to realise savings to the travel budget as staff will not be required to make as many journeys to delivery sites or families' homes. We are utilising improved ICT functionality so have less need to travel to the office for meetings and in some instances are using the technology to deliver services to families.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.026			
<p>[20] Reduce pensions budget to match latest forecasts</p> <p>Reduce legacy pensions budget.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.140			
<p>[21] Review of corporate subscriptions</p> <p>A review of the subscriptions, professional associations and journals that the corporate directorate subscribes to has been undertaken. The aim of the review was to identify any spend that is unnecessary, duplicated or surplus to requirements. A number of subscriptions have now been agreed as non-essential and will be cancelled within contractual obligations.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.035	-0.015		
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[22] Flexible Resourcing for Service Delivery for Regulatory Services</p> <p>This relates to the use of contract services as a flexible resource for the completion of low risk food hygiene inspections to enables us to have more resilience in this service and delivers a revenue saving as a result.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.050			
<p>[23] Urban Grass Cutting [REVISED]</p> <p>The Council is responsible for numerous grassed areas which are classified as highway. The urban elements of this land are cut 13 times per year. It is proposed to reduce the number of cuts from 13 to 10 which will deliver a saving in the medium term of £67,000 per annum. The change from £100,000 to £67,000 takes account of cost of capital to implement this change.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.067			
<p>[24] Improving customer experience – Highways correspondence [REVISED]</p> <p>This proposal is to improve customer experience and improve efficiency by changing the way the highways service deals with formal correspondence and enquiries. The proposal would result in efficiencies by improving engagement with customers including the use of direct to the public to information, policy detail and service requests available on-line. The profile of the saving has been adjusted to be delivered over two years.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.050	-0.050		
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[25] Transfer of Congleton Visitor Information Centre</p> <p>Cheshire East Council have begun discussions regarding a new operating model for Congleton Visitor Information Centre, with a view to the Congleton Town Council managing and operating the centre through the transfer of Visitor Information provision. This will provide a sustainable and cost-effective visitor information model going forward.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.001	-0.020	-0.010	-0.020
<p>[26] Regulatory Services and Environmental Health ICT procurement</p> <p>The purchase of a replacement ICT system to support Regulatory Services in carrying out their enforcement and intervention activities as well as provide efficiencies through the automation of tasks and work allocation to officers. The system will store all activity records and produce reports and statutory returns on performance. As a result of this new system, from 2022/23, there is a forecast budget saving per annum of £9,000 which is the removal of the budget provided to the service to implement the system.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.009		
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Financial Sustainability Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[27] CCTV migration to wireless networks The migration of the current CCTV service to a modern wireless network to improve efficiency and effectiveness and meet national codes of practice for CCTV delivery. Migration and a reduction in the fibre cable network will reduce current annual revenue expenditure following initial investment. <i>Impact on service budget =</i>		-0.085		
[28] Constellation Partnership Savings brought forward within Growth and Enterprise through a reduction in the contribution to the Constellation Partnership. <i>Impact on service budget =</i>	-0.040			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Commercial Opportunities	2021/22	2022/23	2023/24	2024/25
Look at opportunities to bring more income into the borough	£m*	£m	£m	£m
<p>[29] Orbitas income and management fee</p> <p>Adjustments to the Council Company Orbitas Bereavement Services income target and management fee in line with the company's Service Delivery Plan and agreed by the commissioner.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.032	+0.021		
<p>[30] Public Rights of Way Resources (Revenue implications of Capital)</p> <p>Additional investment to improved public rights of way.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.010			
<p>[31] Everybody Sport and Recreation Annual Management Fee</p> <p>The Operating Agreement between the Council and Everybody Sport & Recreation requires a minimum of a 3% cash reduction of the annual management fee based on the previous years agreed figure.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.043	-0.042	-0.041	-0.040
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Commercial Opportunities Look at opportunities to bring more income into the borough	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[32] Commercial Workstream The Fees and Charges Review and Change Project will contribute to the Brighter Futures Programme Commercial Workstream objective: Achieving financial sustainability through generating income. The Project will review the current status within service areas of the Council and deliver a change in policy and practice to maximise efficient and tangible income generation. <i>Impact on service budget =</i>	-0.100			
[33] Commercialisation of the Highway Service Contract By allowing Ringway Jacobs to undertake external works for 3rd party clients, added value will be released from the Highway Service Contract. 3rd party works will help to retain essential skills within Cheshire East Highways as the level of work the Council delivers through the contract is reduced due to funding pressures, it will also deliver an income stream/overhead reduction for the Council. <i>Impact on service budget =</i>	-0.080			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Commercial Opportunities	2021/22	2022/23	2023/24	2024/25
Look at opportunities to bring more income into the borough	£m*	£m	£m	£m
<p>[34] Brighter Futures Together Programme Customer Experience</p> <p>This proposal will contribute to the Brighter Futures Programme Customer Experience Workstream objective: to become a customer centric organisation that puts all our customers at the heart of the everything we do, reflecting their feedback in the design and delivery of services.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.120	-0.133	-0.081	
<p>[NEW] Investment Income: Income target adjustment</p> <p>Due to a change in Government Guidelines that were made in late 2020, the Council is no longer able use the Public Works and Loans Board to access capital for the purposes of acquiring land and property assets principally for investment purposes to generate a yield. Development of an investment portfolio for this purpose was included in the MTFS agreed in February 2020 but the change in national guidelines mean that this is no longer appropriate. As a result, there is a requirement to adjust the Council's budget to reflect this change.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.575			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Commercial Opportunities	2021/22	2022/23	2023/24	2024/25
Look at opportunities to bring more income into the borough	£m*	£m	£m	£m
<p>[35] Contract savings in the People Directorate</p> <p>Cheshire East Council have an obligation to provide value for money from each of the commissioned services. With COVID-19 many of our providers have embraced digital working and this means we must find new ways to make efficiencies to meet increasing demand. This proposal involves looking at each of the commissioned services business processes to identify where improvements and efficiencies can be made. The commissioning staff will complete a comprehensive review of all contracts considering expenditure, performance, outcomes, service delivery and quality.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.500			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Commercial Opportunities	2021/22	2022/23	2023/24	2024/25
Look at opportunities to bring more income into the borough	£m*	£m	£m	£m
<p>[36] Client Income in the People Directorate</p> <p>The Council has recommissioned a range of Adult Social Care services within the last two years, consequently fees and charges are not aligned to the unit rates paid. The proposal is to complete a review of all Adult Social Care fees and charges to ensure that fees levied to residents are aligned to the current costs.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.100			
<p>[37] Establish an Education Psychologist traded service to enable a proactive early support and intervention offer</p> <p>The Education Psychology service has been undergoing a full review and developing plans to offer a traded service to schools. This would provide early intervention support to children and therefore also potentially reduce demand on the SEND service.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.025	-0.075	
<p>[38] Establish a traded service for non-statutory elements of Attendance Service</p> <p>The service has been undergoing a full review and developing plans to offer a traded service to schools. This would provide early intervention support and improve the support offer to schools and families to improve the attendance of children at school.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.035	-0.035	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21.</i></p> <p style="text-align: center;"><i>Subsequent years are the incremental change from the previous year</i></p>				

Commercial Opportunities	2021/22	2022/23	2023/24	2024/25
Look at opportunities to bring more income into the borough	£m*	£m	£m	£m
<p>[39] Review of governance of ASDVs and seeking increased opportunities for savings / commercial opportunities</p> <p>The council owns or partly owns several companies. It will review the governance arrangements of the council wholly owned companies including the development of opportunities for efficiencies/ income generation.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.315	-0.225	-0.100	
<p>[40] Increase income from hire of Children's Centres</p> <p>To increase income and rental charges for use of facilities in Children's Centres.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.010			
<p>[41] Ansa income generation and efficiencies - Food Waste Recycling</p> <p>This project enabled the development of a composting plant to allow food waste recycling in 2019 and for the waste collection routes to be reorganised to reduce costs. The work to deliver the saving has all been implemented.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.259			
<p>[42] Strategic Leisure Review</p> <p>A strategic review will be undertaken of the subsidised Leisure provision paid by the council through the management fee to Everybody Sport and Recreation to ensure the investment is achieving health and wellbeing outcomes for residents.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.250		
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Workforce Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[43] Infrastructure Investment Programme (Revenue implications of Capital) [REVISED] To enable the delivery of a modern business architecture, including all ICT systems which underpin and support innovation, and affordable frontline delivery. <i>Impact on service budget =</i>	+0.059	+0.127	+0.224	
[44] Unified Communications (Revenue implications of Capital) Modernisation of communication systems including telephony and video conferencing, to further enable the Flexible and Mobile Working strategy. <i>Impact on service budget =</i>	+0.251	+0.283	+0.296	
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Workforce				
Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	2021/22	2022/23	2023/24	2024/25
	£m*	£m	£m	£m
<p>[45] People Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)</p> <p>For the legal and IT resources to support the compliant re-procurement of Directorate software applications and underpinning ICT contracts that require renewal over the next three years, and ongoing software maintenance and support to ensure Directorates have continuity of existing ICT systems for the delivery of their service.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.060	+0.063	+0.066	+0.019
<p>[46] Place Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)</p> <p>For the legal and IT resources to support the compliant re-procurement of Directorate software applications and underpinning ICT contracts that require renewal over the next three years, and ongoing software maintenance and support to ensure Directorates have continuity of existing ICT systems for the delivery of their service.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.011	+0.011	+0.011	+0.011
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21.</i></p> <p style="text-align: center;"><i>Subsequent years are the incremental change from the previous year</i></p>				

Workforce Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[47] Corporate Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)</p> <p>For the legal and IT resources to support the compliant re-procurement of Directorate software applications and underpinning ICT contracts that require renewal over the next three years, and ongoing software maintenance and support to ensure Directorates have continuity of existing ICT systems for the delivery of their service.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.002	+0.002	+0.002	+0.002
<p>[48] Productivity and Efficiency in Adult Social Care [REVISED]</p> <p>The COVID-19 pandemic has highlighted how adult social care can operate differently. There are opportunities on the horizon such as the development of the Integrated Care Partnership (ICP) and integration commissioning that will enable the staff to work differently. New ways of working and integrated posts will be adopted which will result in more efficient ways of working.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.500	-0.500	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Workforce				
Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[49] Estates Transformation - Office Accommodation</p> <p>This involves a strategic review and transformation of the existing main office estate as part of the Estates and ICT transformation programme. This will improve the design of the office environment, support flexible working, reduce overall carbon emissions by the council and deliver net savings for the Council.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.044	-0.100	-0.460	
<p>[50] Prevention and Early Help Service – Locality working and changes to the management structure of the Family Service</p> <p>We are currently aligning our services across Early Help to deliver on a Locality basis. We are using our partnership model, Together in Communities, to improve the understanding and accountability of all partners regarding their roles and responsibilities around identifying and offering whole family early intervention and support. We are also looking to commission a volunteer model to support the step-down arrangements and to provide ongoing support that some families will require when they no longer meet the threshold for more intensive early help.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.140		
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21.</p> <p style="text-align: center;"><i>Subsequent years are the incremental change from the previous year</i></p>				

Workforce				
Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[51] Neighbourhood Estate Review</p> <p>This proposal involves a review of all council buildings that provide customer facing services within towns and neighbourhoods across the Borough. The aim would be to examine the potential to deliver services in a more coordinated and efficient way and reduce the Council's overall costs and carbon emissions associated with the running of these buildings.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.090	-0.260		
<p>[52] Increased Usage of Digital Technology</p> <p>As a result of the COVID-19 pandemic we have adopted new ways of working using more digital technology. This has seen a reduction in staff travel and therefore a reduction in mileage claims. Increased usage of digital technology and digital platforms will continue to reduce staff mileage claims.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.125			
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Workforce Support and develop our workforce to be confident, motivated, innovative, resilient and empowered	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[53] To review of use of School Improvement Grant to provide capacity to support maintained schools The Local Authority receives an external grant to support school improvement functions for the maintained schools' sector. This business case proposes to utilise a proportion of this grant to contribute towards staffing costs of those staff who directly support our maintained schools to improve outcomes for their learners. <i>Impact on service budget =</i>	-0.060			
[54] Reduce central training budget A saving on the corporate training budget achieved through a shift towards using, wherever possible, more cost-effective means of providing courses e.g. online training. <i>Impact on service budget =</i>	-0.080			
*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21 . Subsequent years are the incremental change from the previous year				

Fair

We aim to reduce inequalities,
promote fairness and opportunity
for all and support our most
vulnerable residents

Priority Aim 2: Fair

Proposals to vary the Budget under our Priority to be Fair are focused on these areas:

Health Inequalities Reduce health inequalities across the Borough	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[55] Pathfinder Cheshire East - Cheshire Community Action</p> <p>The Pathfinder contract is due to end on 30th November 2020 following a contractual period of two years. Commissioners proposed not to extend the contract further into the extension period. It is proposed that people contacting social care will still be supported via upskilling frontline staff (Local Area Coordinators, Community Development Officers libraries), especially on financial matters/form filling/signposting. Other social prescribers (including Community Connectors) will have further training on financial inclusion to bridge further gaps. The People Helping People service also provides support which aims to prevent social isolation within our communities.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.100			
<p>[56] Mental Health Floating Support</p> <p>Mental Health Floating Support focuses on early intervention and prevention, supporting the development of innovative solutions to best meet the needs aiming to improve the health and wellbeing of individuals and their families. Interventions will promote people's independence and thereby reduce demand on social care and health services. The funding of this will be picked up by the public health ring-fenced grant.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.120			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Reduce Reliance				
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[57] Investment in Adult Social Care</p> <p>The Adults Social Care budget both here in Cheshire East, and across the country, remains under pressure as a result of a number of factors. These include young people transitioning into adulthood, care fee levels paid to external care providers, the rising demand generally and our older population requiring much more complex care. To ensure the Council is well placed to meet this demand it will invest in services that will deliver high quality support to our most vulnerable residents.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+4.000	+4.000	+4.000	+4.000
<p>[58] Growth for Care Fees in Adult Social Care</p> <p>Cheshire East Council has a duty under the Care Act 2014 to “promote the efficient and effective operation of a market in services for meeting care and support needs.” In delivering this obligation, councils must ensure the sustainability of the market and that there are sufficient high-quality services available to meet the care and support needs of adults in the area. This Business Case proposes a fee uplift for Accommodation with Care and Complex Care providers for 2021/22.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+2.441			
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Reduce Reliance				
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[59] Extra Care Housing – Catering / Restaurant Provision</p> <p>There are currently two* PFI (Private Finance Initiative) extra care housing schemes in Cheshire East where the Council provides the cost of catering / restaurant service.</p> <ul style="list-style-type: none"> - Oakmere in Handforth with 53 apartments - Willowmere in Middlewich with 71 apartments - *Beechmere in Crewe had a major fire in August 2019 and the entire site was destroyed. It had 132 apartments and is scheduled to be re-built, however, no dates have yet been confirmed for this. <p>The restaurant facilities at all PFI extra care housing schemes are currently subsidised by the Council and this proposal is to continue the subsidy. Options to reduce this subsidy will continue to be explored.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.300			
<p>[60] Investment in Advocacy Service</p> <p>This is to provide additional growth to meet the demands for advocacy services. Local authorities have an obligation to provide statutory advocacy services. This support enables an individual (usually a vulnerable person) to understand, communicate their choice and to participate in decision making which affects them.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.112			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Reduce Reliance				
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[61] Direction of travel for the Communities Team to focus more on the Intervention and Prevention Agenda to make cost savings, growth and future cost avoidance [REVISED]</p> <p>The current and future cost savings will be made by reconfiguring the Communities Team to focus on low level prevention activity and mobilising the local community to support low level domiciliary care tasks. The appropriate management structure would be more integrated within Commissioning which will allow a seamless approach to gathering local need and intelligence and matching this to future integrated commissioning intentions.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.250	-0.500	-0.750	
<p>[62] Fund the Cygnet programme for cared for children from pupil premium</p> <p>The Virtual School for Cared for Children supports cared for children and care leavers with transition to employment through the procurement of an external provider who facilitates access to employment. It is proposed that contribution to this programme is reduced. The reduction will be supported through pupil premium grant received from the Department for Education to support progress and achievement of cared for children.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.015			
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Reduce Reliance				
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	2021/22	2022/23	2023/24	2024/25
	£m*	£m	£m	£m
<p>[63] Day Opportunities Redesign, Strategy and Savings</p> <p>Our strategic vision for day opportunities in the future within Cheshire East is to support safe, purposeful and personalised activities that enable citizens to play a valued role in their community and to live as independently as they choose. Ensuring that vulnerable adults can access activities appropriate to their needs, and with choice and control is paramount. By ensuring that all day opportunities adopt a more personalised and flexible approach we can potentially reduce the level of expenditure and see more people take up Direct Payments.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.030	-0.070	-0.150	
<p>[64] Mental Health Services Review [REVISED]</p> <p>We are proposing to undertake a full review and reassessment of all the Local Authority's section 117 aftercare arrangements under the Mental Health Act (1983), as permitted under the Act and acknowledging that people can recover from episodes of mental health and therefore can be enabled to live their lives more independently. As required by the legislation, this will be done in consultation with our NHS colleagues.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.500	-0.500		
<p>[65] Review agreements linked to intermediate care beds</p> <p>Review documentation and give notice on the historic agreement.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.268			
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Reduce Reliance Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[66] Reduced capacity in Family Information Service This service provides the statutory function to advise parents and carers about the availability of Childcare and support services for children for Cheshire East families. The proposal is to review the role of the FIS officers and look at how their frontline advice and guidance can be delivered in a different way, utilising those staff already front facing with families such as Business Support Assistants and Family Service Workers. <i>Impact on service budget =</i>	-0.050			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Reduce Reliance				
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[67] Electronic Call Monitoring Reclamation</p> <p>This business case outlines how the Contract Management Team intend to monitor providers performance and potential cost reclamation against Key Performance Indicators for fulfilment of commissioned hours via the Electronic Monitoring System. The system is utilised to monitor the commissioned prime providers delivering care and support across the Borough of Cheshire East against their Key Performance Indicators (KPI) as set out in the Care At Home contract specification, pricing schedule and Performance Monitoring Framework. The system aims to drive up the quality of the service that care providers deliver to people whose care is commissioned by the Council. The quality of the service actually delivered is measured against the commissioned care packages in terms of the start time of the call, call duration and continuity of carers. In cases where the care call is less than 80% of the commissioned call time and overall less than 90% the contract allows Commissioners to recover any costs attributed to the failure to adhere to the call duration KPI.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.245	-0.030		
<p>[68] Cheshire Care Record</p> <p>Cheshire East Council is a partner in the digital platform that shares data called the Cheshire Care Record. This is used by Health and Social Care practitioners to enable a holistic view of a person’s health and social care needs. The budget has some flexibility in it to reduce the amount required to maintain its usage.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.138			
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</p>				

Reduce Reliance				
Reduce the reliance on long term care by improving services closer to home and more extra care facilities, including those with dementia	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[69] Review the use of the Cheshire East Lifelong Learning Service grant to reduce the requirement of Council funding</p> <p>The Skills & Lifelong Learning Service supports Post-19 learners in developing skills for employment through accredited courses and wider community engagement. The principle funding stream is an Education and Skills Funding Agency grant currently supplemented by council funding. The intention is to reach the position where the service team functions entirely on grant.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.110			
<p>[70] To reduce costs of School Liaison and Governance service with less use of external support</p> <p>Schools are supported by the Local Authority through our school liaison services as well as being part of a comprehensive traded service including governance. The function of this service will be reviewed to achieve efficiencies.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.010			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Safeguard Children Safeguarding our children from abuse, neglect and exploitation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[71] Increase capacity in SEND service to meet continuing demands on the service [REVISED]</p> <p>The number of new Education, Health and Care Plan requests continues to increase significantly above the national rate. Previous investment in the Special Educational Needs and Disability Service should enable the service to deliver on new needs assessment requests but further investment is essential to enable the service to fulfil the statutory requirements for ongoing annual reviews.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.380			
<p>[72] Move to Integrated Early Help Locality Service model [REVISED]</p> <p>To redesign Early Help Services on to a locality delivery model, streamlining management arrangements to increase integration and reduce duplication.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.167		
<p>[73] Learning Disabilities Future Service Development and Review [REVISED]</p> <p>We intend to review our commissioned services to ensure that they offer the very best experience and life chances for people with learning disabilities. This will involve working with our NHS colleagues and care providers ensuring a person-centred approach at all times.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.750	-1.000	-1.250	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Safeguard Children Safeguarding our children from abuse, neglect and exploitation	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[74] Reduce supplies and services in Children's Centres by 20%</p> <p>As a result of COVID-19, improved locality working and partnership working and a successful volunteer service, we will be able to realise savings to the travel budget as staff will not be required to make as many journeys to delivery sites or family's homes. We are utilising improved ICT functionality so have less need to travel to the office for meetings and in some instances are using the technology to deliver services to families.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.032			
<p>[75] Reduction in cost of external placements for cared for children [REVISED]</p> <p>We know that outcomes for children who enter the care system, particularly those who enter it late, are not optimised. The sooner we can support children and their families, to help them stay safely together, the better the chances are for all those family members to do well and have the best chance of a good life. If we continue to strengthen our frontline practice ensuring we have the right plans and care arrangements for our children, with permission to be creative and flexible in our approach, a reduction in the budget will follow. We will achieve this through:</p> <ol style="list-style-type: none"> 1. Safely reducing the number of cared for children 2. Resetting the current placement imbalance by reducing the number of children living in children's homes and with external foster carers. This will increase the number of cared for children living locally in Cheshire East. <p style="text-align: right;"><i>Impact on service budget =</i></p>		-1.530	-2.171	-0.707
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Best Start All children to have the best start in life with ongoing opportunities to maximise their potential	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[76] Development and Partnerships Service</p> <p>This service supports achieving better outcomes for children, young people and families through delivery of service development, improvement and transformation initiatives, effective partnership working through the coordination of the key children’s partnership boards, coordination of external support and validation including inspection, and support to the cross service business functions for the People directorate. This proposal is to reduce the Development and Partnerships Service by 50% in 2023-24 to generate a cost saving as this service is not statutory. The roles of the service would need to be absorbed by existing services which may impact on our ability to carry out these functions and our ability to carry out service development and transformation.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>			-0.300	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Corporate Parenting Be the best Corporate Parents and improve outcomes for vulnerable children and young people	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[77] Investment in Cared for Children and Care Leavers</p> <p>The Children’s Social Care budget, both here in Cheshire East and across the country remains under pressure as a result of a number of factors. These include increasing numbers of children and young people entering the care system, fee levels paid to external care providers, a current over-reliance on the Independent Fostering Agency (IFA) market due to lower rates of in-house fostering availability and lower levels of in-house foster carer recruitment. To ensure the Council is well placed to meet this demand it will invest in services that will deliver high quality support to our most vulnerable group of children.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<p>+1.300</p>	<p>+1.300</p>	<p>+1.300</p>	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Collaboration A collaborative way of working with partners and families to support children to achieve their full potential	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[78] Reduction in contribution to Cheshire Youth Justice Service To reduce by 25% the Council's contribution to deliver a single Youth Justice service across the Cheshire Constabulary area. <i>Impact on service budget =</i>	-0.045			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Green

We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development

Priority Aim 3: Green

Proposals to vary the Budget under our Priority to be Green are focused on these areas:

Great Place A great place for people to live, work and visit	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[79] Development of a Transit Site (Revenue implications of Capital)</p> <p>Cheshire East Council are required to assess the accommodation needs of our Gypsy and Traveller Community and identify land to meet this need. We are proposing to develop a transit site which will provide a safe environment and avoid the occurrence of unauthorised encampments, which can have a detrimental impact on both residents and businesses.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<p>+0.027</p>			
<p>[80] Tatton Park</p> <p>These planned savings result from income and efficiencies generated through the investment programme in the facilities at Tatton Park, which will improve the visitor experience and reduce the overall subsidy the Council makes to Tatton Park.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		<p>-0.006</p>	<p>-0.028</p>	<p>-0.046</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Great Place A great place for people to live, work and visit	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[81] Asset / Service Transfer [REVISED]</p> <p>Council wishes to engage with Community organisations and Local Councils to explore opportunities to support service delivery and efficiencies e.g. through community asset transfers and partnership approaches to supporting services. Based on engagement with partner organisations we have reduced the savings target as a more deliverable target.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.050	-0.030	-0.020	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Neighbourhoods Welcoming, safe and clean neighbourhoods	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[82] Fixed Penalty Income target A Medium Term Financial Strategy (MTFS) target has been set against the Environmental Enforcement Service. This business case is seeking growth to support the removal of the MTFS saving, as the service is being decommissioned. <i>Impact on service budget =</i>	+0.118			
[83] Housing Services Savings brought forward within Strategic Housing through the recommissioning of Housing Related Support contracts. <i>Impact on service budget =</i>	-0.045			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Environment	2021/22	2022/23	2023/24	2024/25
To reduce the impact on our environment	£m*	£m	£m	£m
<p>[84] Waste Contract Inflation and Tonnage Growth</p> <p>Housing growth to date and future projections will see a corresponding increase in collection costs and recycling and waste. In addition, annual contract inflation and a rise in the quantity of waste per household is increasing waste handling and disposal costs.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.810	+0.644	+0.657	+0.613
<p>[85] Environment Strategy and Carbon Neutrality [REVISED]</p> <p>We have committed to be carbon neutral by 2025 and to influence carbon reduction across the Borough. Our Environment Strategy and Carbon Action Plan sets out how we will achieve this, and this funding is to enable its delivery. This is a priority for the council as outlined in the draft corporate plan and the response to consultation supports this growth being included in the budget.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+0.096	+0.020	-0.081	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21.</i></p> <p><i>Subsequent years are the incremental change from the previous year</i></p>				

Environment To reduce the impact on our environment	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[86] Tree Risk Management Additional investment is required to fund the implementation of the Council's tree risk management strategy. <i>Impact on service budget =</i>		+0.500		
[87] Carbon Reduction - Replacement of existing illuminated signs and bollards with LED units Illuminated traffic signs and bollards are an integral feature of the highway providing guidance and direction for all road users. Installed over the last 50 years they are an ageing, energy inefficient asset that requires replacement with low energy LED illumination or no energy de-illumination to current standards. <i>Impact on service budget =</i>		+0.030	-0.004	-0.031
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Transport A transport network that is safe and promotes active travel	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[88] Parking Strategy (Revenue implications of Capital) - Subject to separate consultation</p> <p>The council has undertaken consultation which includes some key proposals including introducing consistent car parking charges across all towns including consistent hourly rates and is seeking views on the appropriate pricing level, how car parking services can be improved e.g. different payment options and introducing more on street parking restrictions to help control parking in busy areas. Following this round of consultation – specific proposals will be developed and be subject to separate statutory consultation to inform decisions regarding car parking changes.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.327	-0.955		
<p>[89] Local Supported Buses - Subject to separate consultation [REVISED]</p> <p>This initiative seeks to secure income and efficiencies in the delivery of supported local bus services. The first phase for 2021/22 is to increase income through advertising and changes to charges for flexi link (subject to engagement with users). The review of subsidised buses will not commence until we understand the impact of COVID-19 on bus services and potential changes in regulations. The consultation highlighted this area as being of interest to residents and therefore moving this into future years to understand the underlying issues is recommended hence the saving has been moved to 2022/23.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	-0.033	-0.117		
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Transport A transport network that is safe and promotes active travel	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
[90] Community Transport The Council has reviewed the Council's flexible transport Flexi-Link service and changes have been made in the way it is commissioned and delivered. This has enabled the service to be improved and the savings have been delivered already. <i>Impact on service budget =</i>	-0.025			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i>				

Transport A transport network that is safe and promotes active travel	2021/22 £m*	2022/23 £m	2023/24 £m	2024/25 £m
<p>[NEW] Review of Children and Families Transport Policies and delivery arrangements</p> <p>TSS will be asked to produce an efficiency plan to generate future efficiencies in the delivery of home to school transport. The shareholders' board will need to hold TSS to account to deliver these efficiencies.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>		-0.200	-0.300	-0.200
<p>[NEW] Transport Management Fee savings will not be delivered due to COVID-19 placing additional pressure on transport to school</p> <p>There have been historic pressures in this budget since TSS formed and despite plans to address them the pressure of COVID-19 has resulted in these not been achieved. This growth should enable TSS to deliver a balance budget in the next year addressing any pressures through efficiencies.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+1.000			
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21. Subsequent years are the incremental change from the previous year</i></p>				

Section 2 - Financial Stability

Introduction

1. Proposals to vary the Council's service-based expenditure and income plans, as set out in **Section 1** of this report, highlight the significant variations required over the medium term to support local residents and businesses. To achieve a balanced position the Council must reflect the impact of the service ambitions on the Central budgets and match this to the available resources from Council Tax, Business Rates, Grants and an appropriate use of reserves.
2. Producing a balanced MTFS, matching expenditure to resources over the medium term, creates a financially sustainable position. The 2021 to 2025 MTFS is the first that Cheshire East Council has produced where a balanced position is presented across all financial years of the strategy.
3. The Government's Spending Review in November 2020 only confirmed a single year of funding levels for Local Government. But it did include the addition of extra support for Adults and Children's Social Care for 2021/22 to help combat the continuing increasing pressures in these key service areas.
4. The national Review of Relative Needs and Resources (formerly Fairer Funding Review) and changes planned to the Business Rates Retention Scheme are being delayed a further year until 2022/23.

The key areas being covered in this section include:

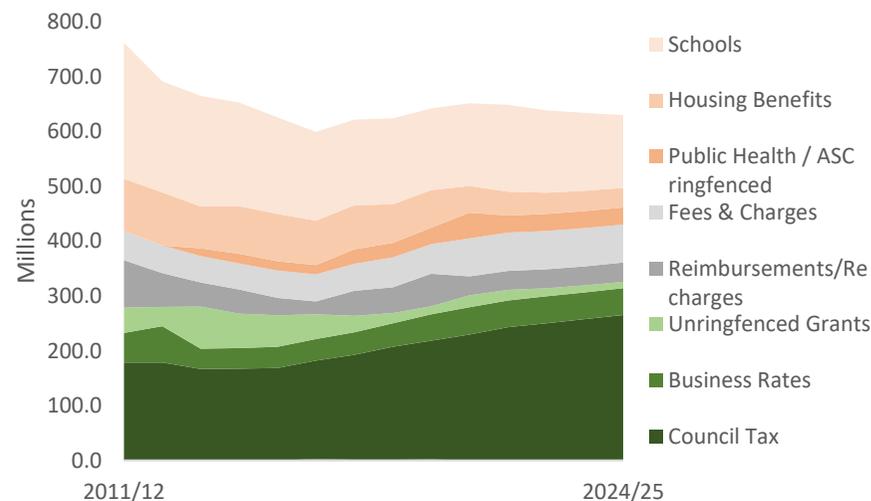
Source of Funding	Paragraphs
Balance of National vs Local Funding	5 to 13
Government Grant Funding of Local Expenditure	14 to 54
Collecting Local Taxes for Local Expenditure	55 to 94
Charges to Local Service Users	95 to 98
Investment, Borrowing and the Capital Programme	99 to 118
Other Economic Factors	119 to 122
Managing the Reserves Position	123 to 124

Balance of National vs Local Funding

5. Cheshire East Council continues to be heavily reliant on local funding and much less reliant on Central Government grant. This is highlighted by the fact that funding for Council services from council tax and business rates will be c.95% of the total net funding for 2021/22. Net funding excludes ring-fenced grants for Schools, Public Health and Housing Benefits.
6. The financial stability of the Council, which determines the amount of money available for service expenditure, should be exposed to less risk from further Government funding shortfalls in the medium term if local funding can be retained at an appropriate level.
7. The Government Spending Review 2020 was dominated by the effects of COVID-19 and was a further one-year settlement (following the one-year settlement in the Spending Review 2019). Core spending power (the measure that Central Government uses to measure any increase in available revenue funding for local authorities) is set to increase by £2.1bn for Local Government for 2021/22. According to the Ministry for Housing, Communities and Local Government this included the following:
 - a. 2% increase in “core” council tax, plus a further 3% increase in the Adult Social Care precept;
 - b. £300m additional social care funding; and
 - c. £200m for indexation
8. These were confirmed as part of the Provisional Local Government Finance Settlement announced on 17th December 2020 but the flexibilities around council tax rises was increased to allow for a further 3% Adult Social Care precept to be levied in 2021/22.

9. **Chart 1** illustrates how the balance between funding sources is changing over time placing increasing emphasis on support from local funding sources.
10. The 2021/22 Budget Report is based on the Provisional Local Government Finance Settlement released on 17th December 2020. The final settlement is expected in early 2021 with a debate in the House of Commons shortly after. Any further information on funding will be reported to Members as soon as practical and may require management through reserves.

Chart 1: The Council continues the trend of being more reliant on local funding sources



Source: Cheshire East Finance

11. **Table 2** sets out the revised funding forecast for Cheshire East Council for the period 2020/21 to 2024/25. This shows how local funding sources are being increased to fund the majority of the

growth in service budgets, and how Government grants are contributing to a lesser extent in monetary terms.

Funding Available to Services

Table 2	2020/21 £m	2024/25 £m	Change £m	Change %
Council Tax	-229.5	-265.2	+35.7	+15.6%
Government Grants	-21.6	-11.8	-9.8	-45.4%
Business Rates Retention	-49.8	-49.1	-0.7	-1.4%
Collection Fund Contribution (-) / Deficit (+)				
*Managed through Earmarked Reserve from 2021/22	-0.1	*		
Funding Available to Services	-301.0	-326.1	+25.2	+8.4%

Sources:
Cheshire East Council
Ministry of Housing, Communities and Local Government

12. The Business Rates Retention Scheme and control over council tax levels are placing greater responsibility on all Councils to determine their own funding levels.
13. In Cheshire East, the Council is meeting this challenge in a number of ways and focusing on longer term financial stability through the following actions:
 - **Growing the domestic taxbase** - Each new home brings additional council tax revenue, New Homes Bonus and, since 1st March 2019, a community infrastructure levy where relevant. However, homes also bring additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully examined to achieve maximum

value to ensure council tax increases for residents are kept to a minimum overall.

- **Promoting Economic Growth** - business growth can result in additional income being retained for local investment, subject to certain thresholds. Therefore, the Council continues to invest in driving economic growth and infrastructure projects that will unlock development land and support inward investment.
- **Increasing employment opportunities** - through economic growth resulting in fewer people relying on welfare benefits from the Council which releases funding for further investment or for direct provision of front-line services.
- **Maintaining strong collection rates and challenge of taxbases** - to ensure fairness to all involved and ensure the Council maximises local income for local use.

This approach is very important and is embedded in the Council's actions.

Government Grant Funding of Local Expenditure

14. The detailed funding settlement from Government impacts on longer term financial planning. Key dates for 2021/22 include:
 - The Spending Round announcement on 25th September 2020.
 - The release of the Provisional Settlement on 17th December 2020 confirming the approach to grants, council tax and calculation of business rates estimates.
 - Final Settlement announced early February 2021.

These have set out changes to:

- General funding levels – confirming the continuation of no Revenue Support Grant for the Council, Social Care grants at just above 2020/21 levels, and one more year of new NHB funding.
- Additional funding announcements, payable to local authorities, for the following areas:
 - Social care and support
 - Disabled Facilities Grant
 - Highways
 - Strategic Housing Deals

15. The Government Grants provided to local authorities can be categorised under several main headings:

- Revenue Support Grant (£0m in 2021/22)
- Specific Grants (unring-fenced revenue) (£19.2m in 2021/22)
- Specific Grants (ring-fenced revenue) (£234.2m in 2021/22)
- Capital Grants (main programme) (£63.4m in 2021/22)

More detail is provided on each of these funding elements below.

Revenue Support Grant (RSG)

16. The Council will continue to receive no Revenue Support Grant in 2021/22 and means that all grants rolled into RSG over the years, including previous Social Care new burdens, and Council Tax Freeze Grants, have also been reduced to nil.

17. Negative RSG arose as part of the four-year settlement from 2016/17 to 2019/20. It is defined as a 'downward adjustment of an authority's business rates top-up and tariff'. It occurs when an authority's required reduction in core funding exceeded the available amount of RSG for that authority meaning that the reduction has to be sought from their retained business rates share.
18. This is the position that Cheshire East is in due to RSG ceasing by 2019/20 and negative RSG is now in the region of £2.6m.
19. Central Government has funded this negative adjustment each year rather than physically removing funding from all authorities in this position therefore, to date, no negative RSG has been paid by the authority. This has been confirmed again for 2021/22.

Unring-fenced Specific Grants

20. A number of separately identified but unring-fenced Specific Grants have been retained totalling an estimated £19.2m in 2021/22 and reducing down to £11.8m by 2024/25. The detailed list is shown in **Annex 8** and summarised in **Table 3**. Note that Table 3 shows the original budget for 2020/21 and Annex 8 shows the revised in-year position including grants received after the budget was set.
21. Other than RSG, the list of Specific Grants mainly relates to funding for the New Homes Bonus (NHB) and Social Care Grants. Together they equate to 84% of the total unring-fenced specific grants expected in 2021/22.
22. As part of the Spending Review / Provisional Local Government Finance Settlement announced on 17th

December 2020, there were funding allocations for 2021/22 of £8.0m to support social care for Cheshire East. This is made up of the continuation of the Social Care Support grant from 2020/21 (£7.6m) and a further allocation of £0.4m which is the authorities share of the £300m announced new monies.

Specific grant levels are reducing over time

Table 3	2020/21 £m	2024/25 £m	Change £m	Change %
Revenue Support Grant	0.0	0.0	0.0	
New Homes Bonus	-11.2	-1.0	-10.2	
Social Care Grants	-7.6	-8.0	+0.4	
Independent Living Fund	-0.8	-0.8	-	
Other Grants	-1.9	-2.0	-	
Total Specific Grants	-21.6	-11.8	-9.8	-45.4%

Sources:
Cheshire East Council
Ministry of Housing, Communities and Local Government

23. The 2021/22 allocation of NHB is again to be paid for one year only which extends the 2020/21 single year allocation. Legacy payments will continue and phase out as planned with the final NHB payment to be made in 2022/23. The scheme is due to be replaced in 2022/23 with something that will reward “ambitious local authorities” as per the Provisional Settlement announcement on 17th December. It will be subject to further consultation in the new year.

Ring-fenced Specific Grants

Dedicated Schools Grant (DSG)

24. The Government announced the revised allocations of DSG for 2021/22 on 17th December 2020. DSG is a ring-fenced grant provided to the Council to meet certain educational costs
25. Under the national funding formula (NFF) arrangements DSG is allocated in funding blocks, namely the Schools Block, Early Years Block, High Needs Block and Central Schools Services Block.
26. The Schools Block allocation to the Council is based on the schools’ block NFF. This takes October 2020 pupil data and provides a basic per pupil amount plus additional funding for issues such as deprivation and low attainment. The NFF also applies a minimum per pupil level of funding of £4,180 Primary and £5,415 Secondary in 2021/22. Those values must be used in any local formula.
27. Local authorities can continue to provide funding to schools through a local formula for 2021/22. The Schools Forum have agreed that a local formula using the NFF values and allocating any additional funding via the basic entitlement should be submitted for consideration at the 2nd February 2021 Cabinet.
28. For 2021/22 the Schools Forum has not agreed to a transfer of 0.5% from the Schools Block to High Needs to recognise pressures in that area. As a result, the Council has applied to the DfE to reverse that decision. The outcome is not yet known, and an update will be provided to Cabinet. The

transfer has **not** been assumed for the model submitted to Cabinet.

29. Subject to confirmation from the DfE and Cabinet approval that formula will be used to allocate funding to schools for 2021/22. The per pupil figures in **Table 4** assume that the formula is approved.
30. The Early Years Block is mainly comprised of:
 - Funding for the universal 15-hour entitlement for all three- and four-year-olds.
 - Funding for the additional 15 hours for three- and four-year-old children of eligible working parents.
 - Funding for two-year-olds.
 - Funding for the Early Years pupil premium plus a few other areas.
31. The High Needs Block is a single block for local authorities' high needs pupils / students aged 0-24. The block includes place funding for pre-16 and post-16 places in appropriate establishments such as mainstream schools, special schools and the pupil referral unit. The block includes top-up funding for pupils and students occupying places in such settings.
32. The high needs block is calculated through the high needs NFF. This is made up of a range of factors and weightings including:
 - A basic entitlement
 - An historic spend factor
 - A population factor
 - Measures relating to low attainment and deprivation
 - A funding floor
 - An area cost adjustment
33. The Council has received additional high needs funding for 2021/22 of £4m. The 2021/22 DSG figure in **Table 4** includes that amount. Under current forecasts that will be used to bring the DSG Reserve back to balance, but it will not be sufficient to meet demands placed on high needs funding.
34. The Central Schools Services Block is based on a NFF that includes:
 - Historic commitments
 - Ongoing responsibilities
 - An area cost adjustment
35. The historic commitments element of the central block has been subject to a further 20% reduction by the DFE for 2021/22. This is being reviewed to establish what the options are as historic commitments includes prudential borrowing costs.
36. **Table 4** shows the DSG received for 2020/21, the indicative DSG for 2021/22, and per pupil funding levels. (This excludes the adjustment for Academy recoupment).
37. Other than the high needs transfer all the schools block funding is passported directly through to schools.

Dedicated Schools Grant are allocated in four notional blocks in 2021/22

Table 4	Actual 2020/21 £m	Dec 20 2021/22 £m	Change £m	Change %
Total Dedicated Schools Grant	Restated			
Comprising:				
Schools Block	235.7	245.3	9.6	4.1
Central School Services Block	2.7	2.6	-0.1	-3.7
Early Years Block	22.9	23.2	0.3	1.3
High Needs Block	40.0	44.0	4.0	10
Per Pupil Funding	£ / pupil 2020/21	£ / pupil 2021/22		
Dedicated Schools Grant:				
Schools Block				
Primary	4,278	4,417		
Secondary	5,471	5,644		
Central Schools Block (ongoing responsibilities)	31.26	32.16		
Early Years Block 3 and 4 hourly rate	4.38	4.44		
2-Year-old hourly rate	5.36	5.44		

Figures quoted are before the Academy recoupment and before any High Needs reduction.

Figures are prior to de-delegation and assumes High Needs Transfer and Growth Funding are removed.

Sources:
Cheshire East Council
DFE

Teachers Pay and Pensions Funding

38. The DSG figures for 2021/22 for the schools, high needs and central blocks have been adjusted to reflect the rolling in of

the previously separate grants for teachers' pay and pensions funding. As a result, the 2020/21 figures have also been restated to reflect this change. The restated figures are included in **Table 4**.

Dedicated Schools Grant (DSG) ~ Academy Funding

39. The Department for Education are clear that becoming an academy should not bring about a financial advantage or disadvantage to a school but rather, enable academies to have greater freedom over how they use their budgets.
40. The Schools Block funding receivable for the 82 academies which opened before or during 2020/21 has not been removed from the total DSG award to be received (as reflected in **Table 4**). The funding for these academies of approximately £163m (based on 2021/22 funding) will be deducted from the Authority's DSG as part of the academy recoupment process (see **Annex 8**).

Sixth Form Funding

41. Total sixth form funding of £2.5m is receivable for maintained schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known). In 2020/21 a balance of £13.0m was allocated directly to academies by the Education and Skills Funding Agency. The allocation for 2021/22 is not yet known.

Pupil Premium Grant

42. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2021/22 are expected to be the same as in 2020/21 at £1,345 for primary-aged pupils and £955 for secondary-aged pupils for every eligible child in both maintained schools and

academies. All looked after children, adopted children and children with guardians will attract funding of £2,345 and children whose parents are in the armed forces continue to attract £310 per annum. It is estimated that Cheshire East Council will receive £4.5m in relation to the Pupil Premium for 2021/22.

Physical Education Grant

43. The Council expects to receive £1.1m for 2021/22. This is an estimate after any reduction for academies.

Universal Infant Free School Meals (UIFSM)

44. The Council expects to receive £1.9m for 2021/22. This is an estimate for maintained schools. The figure is normally based on a set amount per eligible pupil. The grant is paid directly to local authorities or academies. The Council will comply with the requirement to pass on the grant to maintained schools in full.

School Improvement Monitoring and Brokering Grant

45. This is a grant for local authorities to continue to monitor and broker school improvement provision for low-performing maintained schools and intervene in certain cases. The Council has received funding up to March 2021. However, there is no further information on the grant for 2021/22. The current grants register assumes £0.3m will be received in 2021/22.

Milk Subsidy Grant

46. This grant has not yet been confirmed for 2021/22, however based on previous allocations, the current grants register assumes £21,000 will be received in 2021/22.

DSG Reserve Forecasts

47. The Council holds a DSG Reserve created from some additional DSG funding provided several years ago. Over the last few years the pressure on high needs has been gradually reducing the reserve balance and overspending in 2019/20 took the reserve into a deficit position. Current forecasts suggest the reserve will continue to be in deficit in the medium term and plans are being taken forward to reduce the spend pressures over that period. However, as funding levels do not reflect activity it is not clear when the reserve can be returned to surplus.

48. The reserve position can be summarised as:

Dedicated Schools Grant Reserve

Table 5	2020/21 £m
Brought Forward Position	-2.1
Forecast Overspend for High Needs	-5.5
Early Years – additional hours	Tba
Predicted Carry Forward	-7.6

Source:
Cheshire East Council

49. It is expected that high needs will continue to form a pressure on the reserve in 2021/22.

Public Health Grant

50. Public Health responsibilities cover a wide range of services including: sexual health services; children’s 0-19 services; NHS health check programmes; substance misuse services, infection control and One You services.

51. Public Health grant has been ring-fenced from 2013 and will continue to be so during 2021/22 to ensure expenditure is incurred in line with the public health framework.
52. Estimated allocations for 2021/22 set the grant levels at £16.7m. Confirmation of the final allocations has not yet been received.
53. The grant is being considered as one of a number of funding streams that could be rolled into the business rates Retention Scheme if and when it moves to 75% retention by local authorities.

COVID-19 related Grants

54. Following announcements in the Spending Review the Council expects to receive some £8.5m in un-ringfenced grant for 2021/22, to help manage the immediate and long-term impacts of the pandemic on the Council's budget, as well as compensation for a proportion of any losses in sales, fees and charges income compared to what would normally be received in the months April to June 2021. Furthermore, £3.4m is anticipated for the Local Council Tax Support Scheme, to help support residents on low incomes.

Collecting Local Taxes for Local Expenditure

Business Rate Retention Scheme (BRRS)

55. Locally collected non-domestic taxes that are directly retained by the Council will provide approximately 16% of the Council's net funding in 2021/22. The Council anticipated collection of

approximately £148m (before accounting adjustments) in business rates in 2020/21, based on the Council's NNDR1 return to Central Government on 31st January 2020. However, this estimate was calculated before the severe impact on businesses and the taxbase as a result of the coronavirus pandemic.

56. The projected in-year deficit on the Business Rates collection fund as a result of COVID-19 is c.£8.4m. As part of the Spending Review announcements in November 2020, 75% of the irrecoverable losses will be compensated for by MHCLG. The remaining deficit will then be spread over the coming three financial years to ensure that the 2021/22 revenue budget does not have to fund it all in one year.
57. Under the BRRS arrangements 50% of the net rates collected is paid to Government with 49% being retained specifically to support Cheshire East Council services. 1% is paid to the Fire Authority. In addition to this reduction a tariff of £24.7m must be paid to Government which is used to top-up funding allocations to other local authorities.
58. Up to and including 2016/17, the Council continued to use the nationally set business rates baseline figures, plus levy savings as a result of being in the Greater Manchester Pool, for budget setting purposes. This was slightly below the NNDR 1 level reflecting a prudent approach to business rates growth. Since 2017/18, a growth estimate per annum of £0.5m in retained rates for the authority was also been factored in to take account of the steady rise in business rate growth in recent years.
59. For 2021/22 this approach is being paused due to the overall reduction in the taxbase and uncertainty around growth in future years, in part, due to the ongoing pandemic situation.

Annex 6 sets out the position in further detail, but for budgeting purposes the total business rates funding available for the revenue budget has been maintained at the same overall level as the 2020/21 budgeted level.

60. Since the baseline funding level for business rates retention was set back in 2013/14, there have been many policy changes around reliefs for different business types. With each policy change, all local authorities are compensated for their share of business rates foregone. In 2021/22 £6.6m of this compensation has been included within the business rates budget with the remaining compensation being credited to the Collection Fund earmarked reserve to continue to support any future risks around business rate funding. This is an increase on previous years due to the fact that projected net business rates collected are likely to continue to be negatively affected due to COVID-19.

Business Rates Retention

Table 6	2020/21 £m	2024/25 £m	Change £m	Change %
Business Rates Retention Scheme – Baseline Funding	-42.5	-42.5		
Growth in retained rates (cumulative)	-3.1	-		
S31 compensation grants	-4.2	-6.6		
Business Rates Retention Scheme – Total Funding	-49.8	-49.1	-0.7	-1.4

Sources:
Cheshire East Council

61. During 2020/21, the Council continued to be part of a BRRS Pool with Greater Manchester authorities and Cheshire West and Chester. This allows the authorities included within the

pool to be treated as one entity for the purposes of tariff/top-up and levy/safety net payments potentially reducing the amounts to be paid over to Central Government. This arrangement is due to cease for 2021/22 owing to the uncertainty around losses in income across the Pool.

62. The Impact Assessment at **Annex 3** identifies how changes in business rates could affect local business.

Council Tax

63. Locally collected domestic taxes that are directly retained by the Council will provide approximately 77% of the Council’s net funding in 2021/22. The Council therefore takes a very careful approach to managing the domestic taxbase in a way that reflects local growth ambitions and supports sustainable services in the medium term.
64. Growth in the local taxbase supports the ambition in the Corporate Plan of creating economic independence from Government grant. In 2021/22, there continues to be no general Government grant support to the revenue budget of Cheshire East Council. The speed of this change has been a major challenge and when increases in demand related to protecting vulnerable people and inflation in costs are taken into account, then this creates a requirement to continue to increase council tax levels in line with Government expectations.
65. The ability to raise additional council tax for use solely on Adult Social Care (ASC) was accepted in 2017/18, and 2018/19. Local authorities could raise up to 3% in any year from 2017/18 to 2019/20, but subject to a maximum of 6% over the three-year period. The Provisional Finance Settlement in December 2019 confirmed a further 2% ASC precept could be levied in 2020/21 to help alleviate the

continuing growth pressure and this was accepted by the authority.

- 66. A further 3% for 2021/22 was announced as part of the Provisional Settlement in December 2020.
- 67. The Provisional Finance Settlement also confirmed the referendum limit on base increases was to be set at 2%, this excludes the Adult Social Care precept. As such it is proposed that council tax is increased by 4.99% (including 3% ring-fenced for Adult Social Care pressures) for 2021/22 to give a Band D charge of £1,579.03 for 2021/22.
- 68. The proposed increases over the rest of medium term are currently 1.99% at this time.
- 69. The calculation of the council tax for 2021/22 is shown in **Table 7**.

The calculation of the Cheshire East Council Band D Council Tax

Table 7	2021/22 £m	2021/22 £m
Total Net Revenue Budget 2021/22		311.1
Specific Grants		-19.2
Revenue Budget recommended to Council on 17 th February 2021		291.9
Less:		
Business Rates Retention Scheme	-16.8% ¹	-49.1
Revenue Support Grant	0.0% ¹	-49.1
Amount to be raised from Council Tax	83.3% ¹	242.8
No. of Band D Equivalent Properties		153,796.10
Band D Council Tax		£1,579.03

Sources:

Cheshire East Council

¹ Percentage of Cheshire East Net Budget

The impact on each council tax band and the number of dwellings in each band is shown in **Table 8**.

Impact of Council Tax on each Band

Table 8				
Band	A	B	C	D
Council Tax £	1,052.69	1,228.14	1,403.58	1,579.03
No of Dwellings	31,010	37,232	35,361	26,735
Band	E	F	G	H
Council Tax £	1,929.92	2,280.82	2,631.72	3,158.06
No of Dwellings	21,370	14,374	12,533	1,890

Source:
Cheshire East Council

Council Taxbase

70. The council taxbase quantifies the number of properties from which the Council is able to collect council tax. The taxbase is presented as an equivalent number of domestic properties in council tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a Band D). The level of council tax multiplied by the taxbase equals the expected income from local taxation.
71. The gross taxbase for 2021/22 (before making an allowance for non-collection) is calculated as 155,349.60. After taking into account current high collection rates, the non-collection rate has been maintained at 1.00% for 2021/22. This results in a final taxbase of **153,796.10** Band D equivalent domestic properties.

72. The taxbase for 2021/22 reflects an increase of 0.78% on the 2020/21 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of increased council tax support due to the ongoing pandemic situation. The council taxbase was approved by [Council on 16th December 2020](#).
73. Cheshire East has a relatively high council taxbase compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16% in Cheshire East compared to the England average of 9%).
74. The taxbase has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992. From 1st April 2020, the period eligible for exemption is being maintained at four weeks.
75. In common with most Billing Authorities, Cheshire East Council charges a council tax premium of 100% on property that has been empty for two years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.
76. The Autumn Budget 2017 allowed Councils to increase the premium from 100% to 200% with effect from April 2020. This change was implemented with effect from 1st April 2020. There was further flexibility granted for properties over 10 years old by allowing a 300% charge to be levied from April 2021. Cheshire East will be recommending that this change is also implemented.

The impact of the Council Tax Support Scheme

77. From 1st April 2013 the council tax benefit system was replaced by a locally designed council tax support scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants remain unaffected by this change.
78. The impact of council tax support reductions has slowly decreased in Cheshire East in recent years, reflecting a positive trend away from a dependence on support from the local authority. The local council tax support scheme was reviewed and consulted on during 2015 and a revised scheme was implemented from April 2016. A further review of the scheme to make it simpler to administer and easier for claimants to understand took place in 2019/20 and the revised scheme was introduced in 1st April 2020.
79. However, the global COVID-19 pandemic changed the long-term trend of reducing Council Tax Support payments and rising unemployment levels has meant that the budget available for support payments is now insufficient. Local estimates have put the budget required for 2021/22 at £18.0m. This is an increase of £1.2m on the 2020/21 budget of £16.8m. This has been addressed when setting the 2021/22 taxbase level and will be reviewed in future years to ensure the budget remains aligned with need.
80. Government funding of £3.4m is due to be received during 2021/22 to help support claimants and protect households on low incomes and changes to the CTS scheme may be considered and consulted upon in light of this funding announcement.

Collection Fund

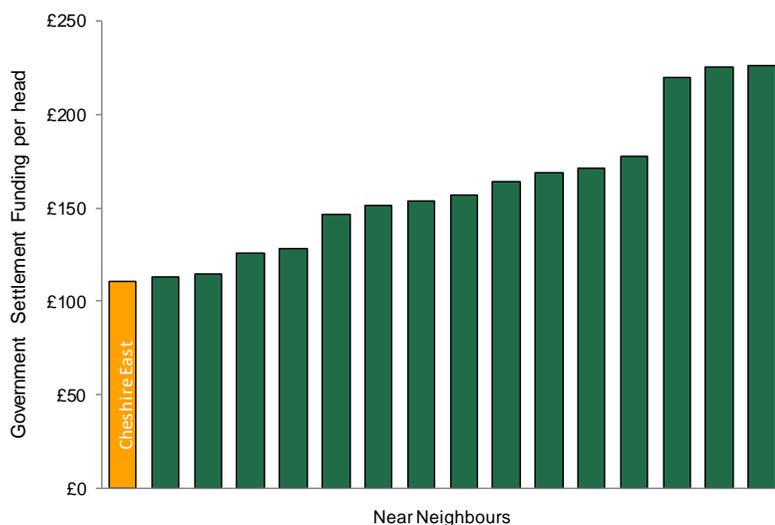
81. Receipts from council taxpayers and businesses are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, Central Government and local Town and Parish Councils).
82. A predicted surplus in the Collection Fund can be drawn down to support revenue funding for the following annual budget, and vice versa in the case of a deficit. This can happen if actual changes in the taxbase vary from the predicted changes, or if collection rates exceed forecasts.
83. COVID-19 has impacted on the collection funds hard with increased Council Tax Support payments and increased potential uncollectable debts resulting in both funds being in a forecast deficit position by 31st March 2021.
84. The estimated balance on the council tax collection fund has been forecast to be a £1.8m cumulative deficit at 31st March 2021. £1.5m of this deficit is to be borne by the Council but new government regulations have allowed the 2020/21 in year impact to be spread evenly over a three-year period. Therefore a £0.5m deficit will be due to be repaid in 2021/22 and will be managed through the Collection Fund earmarked reserve.
85. The year-end balance on the business rates collection fund is estimated to be a cumulative deficit position of £9.5m (excluding the impact of the Extended Retail Relief), of which £4.6m will be borne by Cheshire East. The same spreading arrangements are required for the business rates collection fund therefore £1.9m will be due to be repaid in 2021/22.

86. For a further detailed breakdown of the Collection Fund position for both Council Tax and Business Rates see **Annex 6**.

Funding Comparisons to similar Councils

87. Comparisons, based on available data, add context to Cheshire East's funding position. For further analysis of the Council's financial position please refer to the Council's [Value for Money](#) document.

Chart 2: Cheshire East Council receives the lowest level of Government Settlement Funding per head compared to its Near Neighbours



Sources:
 Cheshire East Council
 CIPFA Council Tax Demands and Precept Statistics 2019/20
 Ministry for Housing, Communities and Local Government

What is the Council doing about it?

88. There are several areas where the Council is attempting to ensure its voice is heard. These are:

Responding to Key Consultations

89. 2020/21 has seen several consultations affecting Local Government. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers, Society of Unitary Treasurers and the Local Government Association (Cheshire East Council is a member of all three) and therefore, in some cases, relied on their collective responses to make any relevant comments.
90. For consultations where the Council felt it important to submit a local response, this was done so, for example The Comprehensive Spending Review. The consultations that have taken place so far in 2020/21 are as follows:

- Council Tax and Business Rates
 - Business Rates Call for Evidence (closed September 2020)
- Pensions
 - Reforming Local Government Exit Pay (closed November 2020)
- Accounting and Audit
 - Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (closed October 2020)
- General
 - Comprehensive Spending Review (closed September 2020)

Membership of Collective Groups

91. The Council has membership of several collective groups which provide a stronger voice at a national level. They are:
- The Local Government Association
 - The Society of County Treasurers
 - The Society of Unitary Treasurers
 - The Sparse Rural Network
 - The F40 Group
92. The Council is also continuing to make use of the Pixel Financial Management Service to assist with financial forecasts and strategy.

Monitoring Developments

93. The Council is monitoring news alerts and public sector journals for any developments with the new business rates retention scheme and Review of Relative Needs and Resources (formerly Fairer Funding Review) now due to be implemented from 2022/23 (postponed a further year due to the global pandemic). The Council will actively feed into consultations around the new funding arrangements where possible.

Ongoing briefing with Members of Parliament

94. The Council provides an update on key issues to local MPs on a regular basis, or when special updates are required. At certain times these focus on the Budget and funding issues.

Charges to Local Service Users

95. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally but should always be related to recovering some or preferably all of the Council's costs in delivering discretionary services.
96. Approximately 10% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.
97. The Cheshire East Council pricing structure has over 1,500 different charges. With the overall objective to reduce subsidy in charged for services some price rises may exceed inflation in the medium term. In such cases users are consulted and alternative service options are discussed.
98. To assist officers and Members to recover full cost, the Council has produced a Charging and Trading Strategy to provide the relevant guidance to be applied. This document is available on request.

Investment, Borrowing and the Capital Programme

99. The capital programme is ambitious, reflecting the Council's priority to promote local economic wellbeing. To support this ambition the Council actively pursues funding from private sector organisations and Government as well as attempting to maximise receipts from asset sales. Resources will be utilised accordingly to allow flexibility within the overall programme. Major highway infrastructure projects, for example, may

require Council resources before capital receipts and developer contributions can be realised and therefore the funding requirement for future years will be updated as plans and funding streams are secured.

100. The Council applies an agreed Treasury Management Strategy (**Annex 12**) to ensure capital financing is affordable in the medium term. During 2017/18 the Council revised its approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Whilst within the existing policy, this consisted of a change from using the straight line to the annuity method under the Asset Life (Option 3).
101. The capital financing budget for 2021/22 is shown in **Table 9**. This includes repayment of debt and interest payable on the Council's long-term loans. Costs are partly offset by the interest earned on the Council's investments. The Capital Financing budget has increased to £14m in 2021/22.

Capital Financing Budget

Table 9	2021/22 £m
Repayment of Outstanding Debt	13.5
Contribution from Services	-1.6
Transfer from Financing Reserve	-1.9
Interest on Loans	4.9
Less: Interest Receivable on Cash Balances	-0.9
Net Capital Financing Budget	14.0

Sources:
Cheshire East Council

102. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2021/22, comprise of the following elements:

- **For borrowing incurred prior to April 2008:** Cost is calculated at a 2% annuity rate over a 50-year period.
- **For borrowing incurred after April 2008:** Cost is calculated on an annuity basis over the anticipated life of the asset. These periods vary from five years to 50 years depending on the type of expenditure funded from the borrowing.

103. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 11**.

104. The Council currently has external borrowing of £154m of which £74m is temporary borrowing with other local authorities. The amount of interest paid on the Council's portfolio of loans is a mix of long-term fixed rates of interest and low rate short term rates of interest (average 2.6%). Currently long-term interest rates are around 1.6%.

105. The rate of interest to be earned on the Council's cash balances that are temporarily invested is budgeted to be £0.9m.

106. The Council sets out the approach to these issues in its Treasury Management Strategy which is set out in **Annex 12** of this report.

Capital Programme Planning

107. The 2020/21 capital programme was approved by Council on 20th February 2020. Updates have been provided via quarterly reports to Cabinet during 2020/21.

108. The Third Quarter Review of Performance and the revised profile of spend for 2021/22 onwards forms the base for the 2021-25 programme, which is detailed in **Annex 11**.
109. Capital commitments have been reviewed to identify the profile of expenditure. There is recognition that the complexities around planning applications, public consultation and dependencies on third parties for external funding can mean that projects are delayed from one year to the next.
110. Spending plans are monitored to ensure a robust quality assurance framework is followed for each project. The governance arrangements safeguard against projects proceeding where costs may escalate beyond budgets. Potential variances from approved budgets may become subject to supplementary approval in accordance with Financial Procedure Rules. Further details on the governance arrangements for the capital programme are set out in **Annex 11**.

Capital Programme Financing

111. The level of resources required to fund capital investment in the medium term is set out in **Table 10** and is based on the level of borrowing that the Council can undertake on a prudential basis, the level of Government grant, the level of capital receipts and external contributions that can be generated over the period.

Capital Programme Summary

Table 10	2021/22	2022/23	2023/24	2024/25	Total 2021-25
	£m	£m	£m	£m	£m
Committed Schemes	148.5	91.9	34.5	34.0	308.9
New Schemes	22.8	14.4	13.1	12.1	62.4
Total Capital Programme	171.3	106.3	47.6	46.1	371.3
Financing:					
Government Grants	74.6	45.9	24.4	13.9	158.8
External Contributions	23.1	15.4	3.9	18.1	60.5
Revenue Contributions	1.3	0.6	0.0	0.0	1.9
Capital Receipts	1.0	1.0	1.0	1.0	4.0
Prudential Borrowing	71.3	43.4	18.3	13.1	146.1
Total Sources of Funding	171.3	106.3	47.6	46.1	371.3

Sources:
Cheshire East Council

112. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for £4m capital receipts for the period 2021-25 is a prudent approach based on the work plans of the Asset Management team and their most recently updated Disposals Programme.
113. The schemes in the Capital Programme, both existing and new proposals, have undergone a prioritisation exercise to ensure they represent value for money, attract external

funding or alternatively are affordable within the capital financing budget and do not commit the Council to additional debt repayments that are not affordable in the medium term.

114. Longer term proposals are included in an addendum to the programme for planning purposes. Detailed business cases will be developed for these schemes as precise details become known. Before work can commence, on schemes listed on the addendum, the business case will be required to provide significant certainty linked to:

- Strategic impact of the scheme
- Expenditure profiles
- Funding sources or associated return on investment

115. The schemes separately identified on the Addendum to the capital programme are still submitted for approval; subject to them meeting the above requirements in the future. At the stage where the business cases are sufficiently robust and are deemed to be affordable the Portfolio Holder for Finance, IT & Communication and the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these schemes will be provided to Cabinet through the quarterly reporting process. As detailed in **Table 11**.

Capital Programme Addendum

Table 11	2021/22	2022/23	2023/24	2024/25	Total 2021-25
	£m	£m	£m	£m	£m
Directorate:					
People	2.9	14.2	19.4	19.0	55.5
Place	29.2	86.1	112.3	18.7	246.3
Corporate	33.9	35.5	35.1	30.8	135.3
Total Capital Schemes	66.0	135.8	166.8	68.5	437.1

Sources:
Cheshire East Council

Borrowing for Capital Expenditure

116. The Council’s capital investment complies with the “Prudential Code for Capital Finance in Local Authorities”. Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes.

117. The level of Prudential Borrowing required in 2021/22 and in future years is detailed in **Annex 11** Prudential Borrowing Indicators. The revenue consequences have been considered as part of the medium-term strategy to ensure they can be afforded in future years.

Government Capital Grants

118. **Annex 9** provides a list of Government grants that are supporting the Cheshire East capital programme.

Other Economic Factors

119. The Council makes an assessment of its financial position over the next four years by using a model known as the financial scenario. It is based on a series of planning assumptions which were published in the Pre-Budget Consultation 2021-25 launched on-line in December 2020 and updated through the year as more accurate forecasts become available. Allowance will be made in the 2021/22 budget for other economic factors, such as pay inflation of £1.7m, which is mainly as a result of under budgeting for the 2020/21 pay inflation. There is no general increase planned in pay budgets except for lower paid workers in line with the Spending Review announcement on pay a “pause” for 2021/22.
120. The Budget Report for 2021/22 reflects inflationary pressure in business rates and utility bills, but otherwise continues the theme of not including a central allowance for non-pay inflationary pressures on the basis that this is being mitigated by effective contract management, service efficiency proposals or increased charges.

Employer Pensions Contributions

121. A valuation of the Cheshire Pension Fund was undertaken to determine the employer contribution rates for the Local Government Pension Scheme which comes into effect from 1st April 2020. Forecast contribution rates for 2021/22 to 2023/24 are unchanged from the 2020/21 rate to reflect the improved position on the Fund.
122. Past deficit fixed contribution requirements into the Fund are decreasing over the next three years so the over recoupment

from service budgets is being used to support the wider revenue budget.

Managing the Reserves Position

123. The Council Reserves Strategy 2021/22 states that the Council will maintain reserves to protect against risk and support investment. The Strategy is updated each year and the latest update is provided at **Annex 14**.
124. The Strategy identifies two types of reserves:
 - **General Reserves**
Balances in this category are not identified for specific purposes but will be used to cushion against the impact of emerging events or genuine emergencies.
 - **Earmarked Reserves**
Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.

Further details, such as opening and closing balances and protection against financial risks, are contained within the Reserves Strategy.

Summary of Financial Stability

125. **Table 12** summarises the position for 2021/22 to 2024/25.

Table 12	Estimated Net Budget 2021/22 £m	Estimated Net Budget 2022/23 £m	Estimated Net Budget 2023/24 £m	Estimated Net Budget 2024/25 £m
Total Service Expenditure	297.4	298.6	301.8	309.5
Central Budgets:				
Capital Financing	14.0	18.0	19.0	20.0
Past Pensions Adjustment	-2.8	-4.7	-3.2	-3.2
Bad Debt Provision increase	0.2	0.2	0.2	0.2
Top up to General Reserves	-	0.6	0.6	-
Use of (-) / Contribution to (+) Earmarked Reserve	2.3	1.4	1.1	-0.4
Total Central Budgets	13.7	15.5	17.7	16.6
TOTAL: SERVICE + CENTRAL BUDGETS	311.1	314.1	319.5	326.1
Funded by:				
Council Tax	-242.8	-250.1	-257.6	-265.2
Business Rates Retention	-49.1	-49.1	-49.1	-49.1
Specific Grants	-19.2	-14.9	-12.8	-11.8
TOTAL: FUNDED BY	311.1	314.1	319.5	326.1
FUNDING DEFICIT	0.0	0.0	0.0	0.0

126. Service expenditure for 2021/22 is shown as **£311.1m**. This represents an increase of £10.1m (3.4%) on the Budget at the [Third Quarter Review \(FINANCE\) 2020/21](#) position.
127. The Funding Available to Services in 2021/22 is estimated at **£311.1m** to give a balanced position.
128. Proposals were received in a Better Business Cases Five Case Model format, with associated Equality Impact Assessments, and were subject to detailed scrutiny by corporate enabling services through several iterations before being accepted into this budget; these business cases will be developed into the delivery phase.

Forecasting the Medium-Term Budget 2021/22 to 2024/25

129. The Council has a track record of balancing the revenue budget, spending in-line with the forecasts and maintaining adequate reserves to protect against risk and provide necessary investment, although in recent years this has proven to be a significant challenge requiring in-year mitigating activity.
130. The overall approach to funding is sound, and has been for some time, in that local sources such as council tax and business rates will fund a greater share of local costs in the future, so a pro-growth approach is appropriate.
131. The Medium-Term Financial Strategy reflects a balanced position for each of the next four years with a mix of specific policy proposals in each Service alongside a medium-term approach to Council Tax increases.

132. The Council adopts a standard five measures approach to balancing the MTFs and each measure is explored in relation to the medium-term balancing of the MTFs. The measures are:

Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to Government funding and inflation in particular are checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in council tax and business rates is explored in relation to emerging Government policy, demographic changes, local

Measure	Description
	service ambitions and growth in the taxbase.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four and Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure outcomes will be achieved in a cost effective and efficient way.

Options related to each of the five measures are set out below:

Table 13 – Forecasting the Medium-Term Budget

Measure One:

Challenge Financial Assumptions

- The September 2020 Spending Round (SR) set out public spending totals for the financial year 2021/22. This followed on from the SR2019 meaning that this is now the second year in a row that a one-year spending review has been published. This is due to the ongoing pandemic situation making it difficult to accurately budget for the medium term. It is expected that a comprehensive multi-year spending review (CSR) will occur in 2021 along with the fundamental review of Local Government Funding and the Business Rates Retention Scheme.
- The usual overall ambition from Government is to maintain core spending over the life of the parliament in cash terms.
- Core Spending Power includes:

Business Rates

- Business Rate income is not due to increase for 2021/22 as the national multiplier has been frozen at 2020/21 levels to assist businesses further through the pandemic recovery phase. No growth forecasts have been assumed over the medium term due to the current volatility in Business Rate income.
- The Provisional Local Government Finance Settlement in December 2017 announced the Government's intention to increase the local share of business rates retention to 75% in 2020/21. Along with the Review of Relative Needs and Resources (formerly Fairer Funding Review), this has now been delayed further until 2022/23. The increased retention will be through incorporating existing grants into the scheme including the Revenue Support Grant, and potentially the Public Health Grant. The remaining 25% central share will be returned to HM Treasury and recycled back to Local Government. This may increase the level of business rates retained but makes no actual difference in the level of core funding for the Council as tariff payments will be adjusted where retained rates exceed grants rolled in to ensure each local authority is no better or worse off under the new arrangements. A greater share of the growth in business rates will be able to be retained after this time but will be negated to some degree at the start of the revised scheme as baseline funding levels (above which growth can be earned) are due to be fully or partially reset back to 2013/14 levels.

Table 13 – Forecasting the Medium-Term Budget**Revenue Support Grant (RSG)**

- RSG reduced to nil from 2019/20 for Cheshire East Council. The Government settlement continues to assume authorities can replace an element of lost grant with council tax increases. However, this is a local discretion and is subject to referendum limits on base increases (maintained at 2% for 2021/22 for base/unring-fenced increases).

New Homes Bonus (NHB)

- Legacy payments from previous allocations will continue as planned and the Spending Review November 2020 announced one further round of NHB allocations for 2021/22 but this will be another single payment and will attract no further legacy payments.

Specific Grants

- These remain subject to ad-hoc information releases from Government departments. Where no information is available assumptions are used based on the reductions in general funding levels or past trends.
- During the November 2020 Spending Round, additional national funding for social care was announced (£300m), on top of the previous Social Care funding (£1bn) and these have been included in this budget (£8.0m). Future funding levels have been maintained at similar levels as the assumption is that current social care grant funding will be provided at similar levels as part of the Fair Funding Review for 2022/23 onwards.

Council Tax Estimates

- Core Spending power also assumes all authorities will increase council tax in line with the maximum allowed before referendum limits. For 2021/22 this is 4.99% (including 3% ring-fenced for Adult Social Care) for all unitary authorities with responsibility for social care).

There are indications that revisions to the way government approaches overall funding for local government, under the Review of Relative Needs and Resources or Business Rate Retention, would focus on population, rewarding development and ignoring income from commercial activity. This could have a positive effect on Cheshire East Council in the medium to long term, but the Council cannot rely on this possibility to deliver funding for services in the short term, especially while reserves are at such a low level. Recent allocations related to COVID-19 have, however, focused on deprivation as a key indicator for the allocation of government support. Historically this approach has not provided significant support to Cheshire East Council relative to other local authorities. To reflect this risk the financial assumptions within the MTFs therefore forecast a 50% overall reduction in non-ringfenced grant funding over the medium term.

Table 13 – Forecasting the Medium-Term Budget

Measure Two:

Review Local Taxation

The Council retains the opportunity to review current funding assumptions:

- Income from Local taxation has been hit hard by the COVID-19 pandemic that impacted on council collection targets from March 2020. The increase in non-collection will continue into 2021/22 while the economy and employment levels slowly recover. Central Government support has been provided in part and the ability to spread deficits in collection fund budgets over the period 2021/22 to 2023/24 is welcome to avoid large additional impacts in the 2021/22 budget balance.
- Council tax will rise in line with Government expectations and to support Adult Social Care by the acceptance of raising a further 3% ring-fenced precept (4.99% in total). This approach supports the development of a balanced Medium-Term Financial Strategy.
- Increases for later years will be reviewed annually but current assumptions are for 1.99% over the medium term, which is in-line with national target inflation. This approach matches assumptions of potential increases in costs also linked to inflation.
- The Council will continue to review its taxbase in light of any further flexibility made available by legislation. The potential for development in the area, backed by the Council's continued support for economic growth, is also likely to carry on increasing the domestic and non-domestic taxbases over time.
- The taxbase has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions will continue to be allowed, for landlords for a maximum period of four weeks, under Section 13A of the Local Government Finance Act 1992.
- The Autumn Budget 2017 allowed Councils to increase the premium from 100% to 200% with effect from April 2020. This change was implemented with effect from 1st April 2020. There was further flexibility granted for properties over 10 years old by allowing a 300% charge to be levied from April 2021. Cheshire East will be recommending that this change is also implemented.

Table 13 – Forecasting the Medium-Term Budget

- Impacts from the continuation of the local council tax support (CTS) scheme will be reviewed and scrutinised during the medium term. The scheme may be amended where appropriate, but overall the ambition is to reduce claimant numbers in relation to out of work residents through the promotion of economic growth in the area. The Scheme was reviewed and consulted on during 2015 and a revised scheme was implemented from April 2016. A further review of the scheme to make it simpler to administer and easier to understand for claimants took place during 2019/20 and the revised scheme was introduced on 1st April 2020. Government funding of £3.4m is due to be received during 2021/22 to help support claimants and protect households on low incomes which will support further review of the scheme.
- Increasing employment opportunities – through economic growth, resulting in fewer people relying on welfare benefits from the Council and releasing funding for further improvements.
- As the potential benefits of investment in local infrastructure are realised local business may engage with the Council to consider the introduction of a Business Rate Supplement (BRS) to raise funds for specific local purposes. The total maximum BRS which may be levied by a levying authority is 2p per pound of rateable value and supplements are not applicable to properties with a rateable value of £50,000 or below, authorities do have the discretion to increase that threshold.
- There is potential to work with local businesses to introduce business improvement districts for specific purposes.

Table 13 – Forecasting the Medium-Term Budget

Measure Three:

Manage Reserves

- The Council adopts a rigorous approach to managing in-year expenditure. Service heads will sign off their Budget allocations to endorse accountability. In-year reporting will identify variances to budget.
- The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure.
- The Reserves Strategy (see **Annex 14**) aims to maintain adequate reserve levels over the medium term, although emerging risks or opportunities may require short-term use of reserves.
- The strategy is that variations between outturn and the core budget will, in the first instance, be managed through the MTFS Earmarked Reserve. Variations in the Capital Financing Budget will be managed through the Financing Earmarked Reserve and variations in the Collection Fund will be managed through the Collection Fund Reserve. If any of the activities are unmanageable through the use of these reserves, then the impact would have to be managed through the use of General Reserves.
- General Reserves remain relatively low, but the strategy is to increase them during the next four years to recognise potential risks linked to the overall size of the budget and potential emerging changes in the medium-term forecasts.

Table 13 – Forecasting the Medium-Term Budget

Measures Four and Five:

Manage Cost Drivers and Income

- The Council's current proposals for change are contained within **Section 1** of the Medium-Term Financial Strategy. Although the financial implications focus on 2021/22, many of these programmes will deliver further savings through to 2024/25 as highlighted by further savings figures in the later three years.
- Some of the financial areas continually under review by budget holders and the Finance Team are:
 - General pay inflation will be assumed at 0% for 2021/22 due to the “pause” in wage increases for public sector workers (except low paid workers) as announced as part of the Spending Review in November 2020 and then 2.5% thereafter. Provision is made in the MTFs for potential increases in pay for low paid workers for 2021/22.
 - Reviewing management control and staffing structures. Expenditure on employees' accounts for c.22% of the Council's revenue gross expenditure on services, and the reviews will look to ensure that the Council operates an effective commissioning model that focuses best fit service providers while achieving cost benefits and efficiency.
 - Ensuring Corporate back office services, which account for c.4% of the Council's net budget, continue to reflect changes that are making the Council a smaller organisation. This will be supported by the implementation of the Business World system during 2021/22.
 - Challenging discretionary services to ensure these meet priority needs, are paid for in the most effective way or are instead ceased or transferred to alternative providers.
 - Review and challenge of all Council contracts to ensure the most cost-effective services are commissioned.
- Exploring opportunities to improve health and reduce dependency through integration of the local health programme with key partners. Net expenditure on Adult Services continues to account for c.40% of the Council's budget. This is the largest budget area so managing costs in this area is essential.

Table 13 – Forecasting the Medium-Term Budget

- Engaging with voluntary, community and faith groups and local town and parish councils is essential to explore ways of transforming service delivery at a local level. Through the commissioning of services and allocation of grants many of the third sector providers are already financially engaged with Cheshire East Council which can often provide support to the 50,000 people that volunteer within the sector per annum. The third sector is a powerful economic partner, employing 2.5% of the workforce and generating an income of over £25m per annum, the vast proportion of which is invested back into our local communities and economies. Further opportunities will be explored as part of the Council's ambitions to work more collaboratively facilitating conversations between the Public Sector, Business and Industry and the third sector to maximise social value and corporate social responsibility.
- Carrying out a further Capital Challenge to ensure the benefits of the ambitious programme are realised and that spending profiles are accurate.
- Promoting a digital strategy across the Council, where suitable, to improve access to services, improve the customer experience and ensure services are cost effective and customer focused.
- Making sure that ways of working maximise the technology we have within the organisation and helping staff to take advantage of expertise and development opportunities that can increase productivity. This has developed significantly in the last year due to the coronavirus pandemic forcing a change in working patterns and increased flexible home working. This will also help with the drive to rationalise the Council's assets to minimise costs associated with utilities and rates and maximise receipts that can support economic growth outcomes.

Annexes to the Medium-Term Financial Strategy Report 2021-25

February 2021

An Open, Fairer, Greener Cheshire East

1. Corporate Plan 2021 to 2025

Our Vision **An open, fairer, greener Cheshire East**

Open

We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East

Fair

We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents

Green

We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development

Our Priorities

An open and enabling organisation

- Ensure that there is transparency in all aspects of council decision making
- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
- Support a sustainable financial future for the council, through service development, improvement and transformation

A council which empowers and cares about people

- Work together with residents and partners to support people and communities to be strong and resilient
- Reduce health inequalities across the borough
- Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
- Be the best Corporate Parents to our children in care
- Support all children to have the best start in life

A thriving and sustainable place

- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- Reduce impact on the environment

Our Values

We are **flexible**

We **innovate**

We take **responsibility**

We deliver the **service** that customers need

We use effective **teamwork**

- Look at opportunities to bring more income into the borough
- Support and develop our workforce to be confident, motivated, innovative, resilient and empowered
- Promote and develop the services of the council through regular communication and engagement with all residents
- Increase opportunities for all children and young adults with additional needs
- Ensure all children have a high quality, enjoyable education that enables them to achieve their full potential
- Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services
- A transport network that is safe and promotes active travel
- Thriving urban and rural economies with opportunities for all
- Be a carbon neutral council by 2025

2a. Business Planning Process - Engagement

Introduction

- 2.1 Cheshire East Council conducted an engagement process on its Medium-Term Financial Plans through a number of stages running from December 2020 to Council in February 2021. Engagement will continue as proposals are implemented.
- 2.2 The budget consultation launched on-line on the 2nd December 2020, included details of the proposals against each (draft) Corporate Plan aim. This consultation was made available to various stakeholder groups and through a number of forums.
- 2.3 Where consultation with specific stakeholder groups is required in relation to specific proposals, this is being identified as part of the proposals High-Level Business Case. Therefore, some of the proposals remain “subject to consultation”, and further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.
- 2.4 The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is subject to change. The Council deals with financial risk by factoring into its minimum level of reserves an allowance for negative changes to proposals arising from consultation or delayed implementation.

Background

- 2.5 Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
- 2.6 This analysis helps to inform the consultation process for each Budget and continues to identify additional channels of communication which are used to facilitate consultation with more of our stakeholder groups.

Business Planning Process

- 2.7 The Business Planning Process for 2021-25 was affected by COVID-19 and this meant that the standard timescale for consultation on the Pre-Budget position was launched in December rather than November. The engagement exercise used existing meetings, as well as specific events, to provide a briefing on the Council's financial position, direction of travel in line with new priorities, the Budget Setting Process, and updates on progress for various stakeholder groups. It was based around the proposals that were included in the Council's [Pre-Budget Consultation](#) 2021-25, launched online on 2nd December 2020 and agreed by [Cabinet](#) on 1st December 2020.
- 2.8 The key events are outlined over the page.

2.9 All the feedback received by the Council is set out in the separate report (**Annex 2b – separate document**).

Key Engagement Events

Event	Date	Comments
Corporate Leadership Team Budget Sessions	May to Nov 2020	Confirm potential funding deficit for 2021/22 and the process to manage it. Set out budget setting timetable. Discuss high level proposals around demand pressures and proposed mitigating actions. Discuss funding strategy.
Cabinet	9 th June 2020	Revenue 2019/20 Outturn.
Joint Corporate Leadership Team and Cabinet Member briefings and workshops	Various Dates throughout 2020/21	Confirm forecast funding position for 2021/22 to 2024/25. Debate, analyse and develop options for changes to current budget. Agree financial strategy for recommendation to Council.
Spending Round 2020	25 th September 2020	Announcements from Central Government
Corporate Overview and Scrutiny Committee	1 st October 2020	Received the Mid-Year Review (Finance) 2020/21 Report.
Cabinet	6 th October 2020	Received the Mid-Year Review (Finance) 2020/21 Report.

Event	Date	Comments
Cabinet	1 st December 2020	Pre-Budget Consultation report.
Cheshire East Council website	2 nd December 2020	Pre-Budget Consultation launched on Council's website.
All Member Workshop	11 th November 2020	Budget process, pressures and Council priorities.
Third Quarter – Review Meetings	28 th October to 27 th November 2020	Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS.
Message from Chief Executive	23 rd November 2020	Issued to all staff and Members to headline release of Pre-Budget Consultation .
Team Voice	25 th November 2020	Issued to all staff and Members to headline release of Pre-Budget Consultation .
Trades Unions	14 th December 2020	Considered Pre-Budget Consultation . Followed up with individual sessions to explain proposals for People, Place and Corporate.
Cabinet	1 st December 2020	Consider the Domestic Taxbase for recommendation to Council.
Cheshire East Business Forum	10 th December 2020	Considered Pre-Budget Consultation .
Schools Forum	10 th December 2020	Considered Pre-Budget Consultation .
Provisional Funding announcements	17 th December 2020	From Central Government.
Council	16 th December 2020	Agree the Domestic Taxbase .

Event	Date	Comments
Individual Portfolio Holders	January 2021	Review of draft Capital Programme.
Managers discussion	5 th January 2021	Considered Pre-Budget Consultation
Town and Parish Councils	6 th / 8 th / 12 th January 2021	Engagement events with local town and parish councils.
Corporate Overview and Scrutiny Committee	7 th January 2021	Consider the Pre-Budget Consultation (relevant areas of the budget)
Pre Budget Consultation	8 th January 2021	Pre Budget Consultation period closes.
Health and Adult Social Care and Communities Overview and Scrutiny Committee	14 th January 2021	Considered Pre-Budget Consultation (relevant areas of the budget)
Environment and Regeneration Overview and Scrutiny Committee	18 th January 2021	Considered Pre-Budget Consultation (relevant areas of the budget)
Children and Families Overview and Scrutiny Committee	25 th January 2021	Considered Pre-Budget Consultation (relevant areas of the budget)
Corporate Overview and Scrutiny Committee	28th January 2021	Received MTFs Report/Review Final Budget Proposals alongside feedback from other Overview and Scrutiny Committees.

Event	Date	Comments
Cabinet	2 nd February 2021	Received the Third Quarter Review of Performance Report. Consider MTFS Report and Consultation feedback and recommend proposals to Council.
Final Funding announcements	February 2021	From Central Government.
Council	17 th February 2021	Debate and approval of 2021/22 budget.

2b. Budget Consultation Report

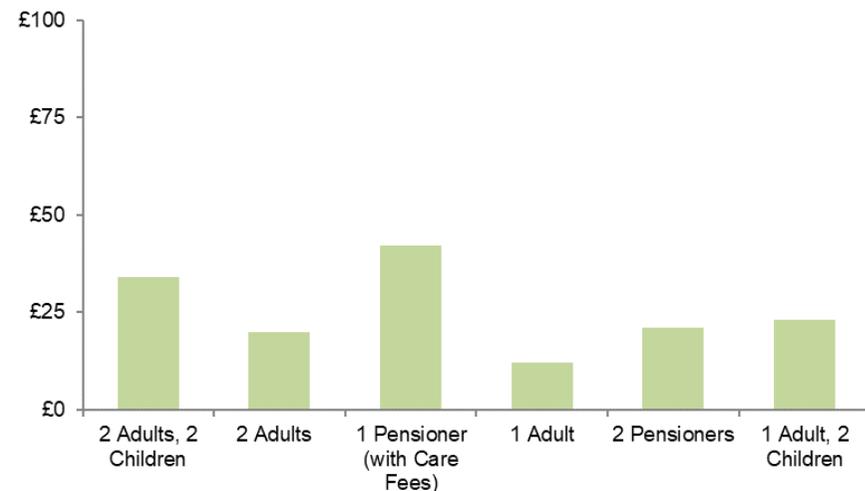
See separate document.

3. Impact Assessment

Household Calculator

- 3.1 The 2021/22 Budget is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation to services. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.
- 3.2 A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.
- 3.3 **Chart 1** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Retail Price Index (RPI), as at November 2020, were to be applied.

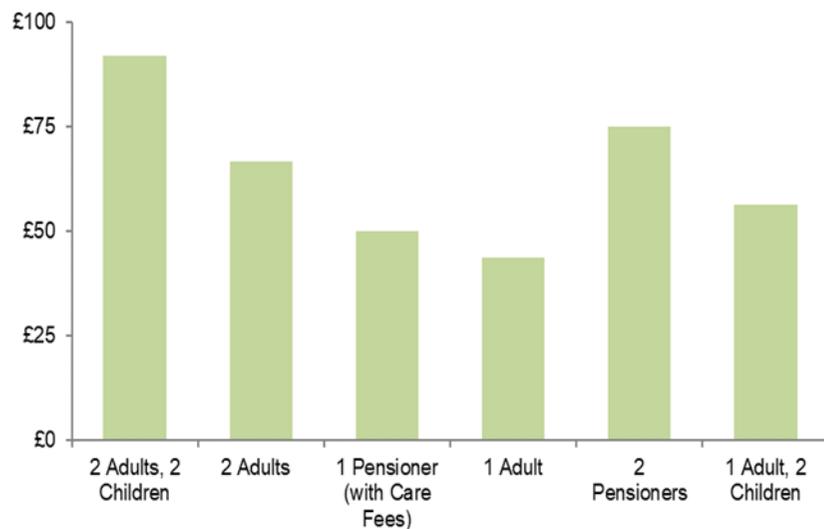
Chart 1: Households would face £42 increases in costs if simple inflation was applied to charges



Source: Cheshire East Finance

- 3.4 Every service within the Authority is refining and updating a Charging and Trading Strategy which sets out the rationale for setting/changing fees and charges within that area.
- 3.5 The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.
- 3.6 **Chart 2** below illustrates the anticipated annual increases per household when applied to the same variety of services.

Chart 2: Forecast increases in costs are split appropriately across all groups



Source: Cheshire East Finance

3.7 The anticipated average increase per household is £64. This is £39 higher than an average increase of £25 if RPI at 0.9% had been applied across all services. This is wholly due to the council tax increase of 4.99%. Fees and charges in these typical household examples are still in the process of being agreed for 2021/22.

Note:

Typical households are made up as follows:

- 2 Adults with 2 Children living in a Band E property
- 2 Adults no Children living in a Band C property
- 1 Pensioner living in a Band C property
- 1 Adult (not Pensioner) living in a Band B property
- 2 Pensioners living in a Band D property
- 1 Adult with 2 Children living in a Band D property.

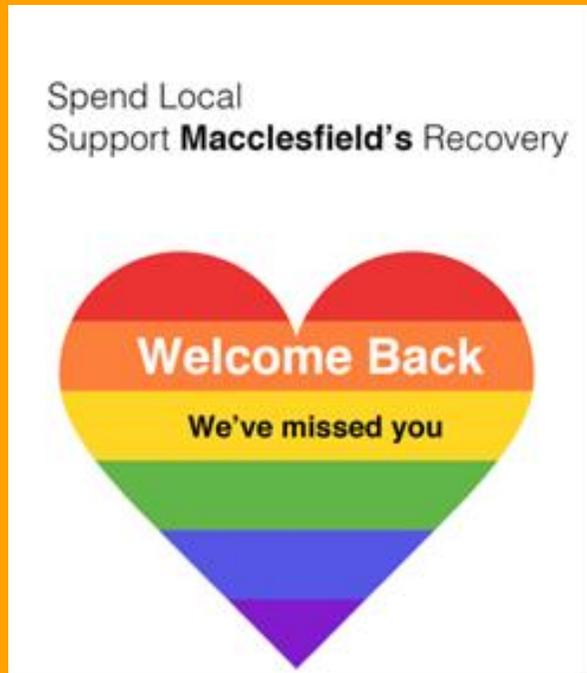
Each household average is based on typical use of chargeable services expected for that category such as school meals, libraries and environmental, and leisure services.

3.8 Further details on the impact on businesses, communities and the environment are shown in **Table 1** on the following pages.

Table 1: Impact of the 2021/22 Budget Proposals on Businesses and the Economy

Typical Facts:

- Non-Domestic Rates are set by Government
- Supplementary Rates could be set by Cheshire East Council
- Businesses are liable to pay some Fees and Charges (for example licensing)



The Council takes a proactive role in engaging with and supporting local businesses, which is particularly important as we continue to manage our response to the COVID-19 pandemic.

Our overall approach to economic recovery includes the following priorities:

- Supporting businesses in the Borough including a focus on the sectors most impacted by the pandemic such as the hospitality and retail sector but also building on the opportunities for growth in sectors such as life sciences, digital and energy.
- Developing a future pipeline of development and regeneration projects that can stimulate the local economy particularly to support town centres.
- Supporting our residents to secure employment through training and support.
- Ensuring that the Borough has an effective place marketing and inward investment marketing approach in place so that it is able to promote itself for inward investment in the future.
- Continuing to support our town centres and businesses that operate from them to encourage residents and visitors to have confidence in their towns and encourage active travel through our intervention.

Since March 2020, the Council has had to switch its focus from supporting new business growth opportunities to supporting businesses to survive the immediate impacts of the crisis. This has included providing information and signposting for businesses to government schemes such as; Small Business Grants, Business Rates Relief, Coronavirus Business Interruption Loan Scheme (CBILS), Bounce Back Loan Scheme, Job Retention Scheme, Self-Employment Income Support Scheme as well as administering and assessing applications to the Local Discretionary Grant Scheme.



Town Centres

The Council has made significant commitments to the regeneration of Crewe town centre, acting as a catalyst for further private sector investment as the town prepares itself as a prospective HS2 station location. Over the 2019-23 period, at least £23.7m will be invested through the use of external funding, the Council's capital budget and the strategic use of its own land and property. The principal focus of this investment is a new bus station, multi-storey car park and public realm improvements at Royal Arcade which will help stimulate commercial investment and release other sites for development. Additional external funding is actively being sought through the Government's Future High Streets Fund, Towns Fund and Heritage Lottery Funds. By taking a mixed-use approach that incorporates leisure, retail and commercial uses alongside quality public realm and event space, this will enhance the attractiveness of Crewe to its significantly growing resident base and increase confidence in the development and investment sectors.

A number of regeneration projects are being pursued within Macclesfield aligned with the Strategic Regeneration Framework (SRF) for Macclesfield Town Centre. This framework sets a vision for Macclesfield as a place which 'celebrates its quiriness' and capitalises on the strengths of its location; close to the Manchester conurbation but on the doorstep of the Peak District, and its accessibility via its mainline train station. In light of COVID-19 many of the objectives in the SRF are even more pertinent - the emphasis on pursuing the provision of appropriate in town residential development to support town centre viability for example may be even more critical if populations of the future seek to spend more time working from home, and the focus on enhancing the environmental quality of the public realm or the contribution of culture and heritage will be even more key to attract the local population to spend more leisure time in the centre.

Work is also to be progressed over the course of the MTFS to develop Town Centre Vitality Plans for the Borough's Key Service Centres. These will identify a range of initiatives and projects which would support the revitalisation of town centres and are likely to identify projects for which capital funding may be required in future years.



Business Rates multipliers for 2021/22

- Multipliers for business rates normally increase each year by CPI.
- The Government have announced that the multiplier will not increase for 2021/22. We are waiting for formal notice to confirm this.
- Multipliers for 2020/21 were set as follows:-
 - Standard Multiplier at 51.2p* in the £.
 - Small Business Multiplier 49.9p** in the £.

* Includes supplement to fund small business rate relief.

** All occupied properties with a rateable value below £51,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.

Transitional Scheme for 2017 rating list

- The transition scheme will continue to help businesses that would face a large increase or decrease in their rates payable following the revaluation in April 2017. Any relief under the transition scheme will be automatically calculated and will appear on rate demands.

Small Business Rate Relief (SBRR)

- Properties with RV below 12,000 where the ratepayer meets the criteria will receive 100% relief and properties between 12,000 and 15,000 will receive tapered relief.
- Continuation of amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs.



Rural Rate Relief

Mandatory relief for rural businesses will continue at 100% for qualifying properties.

Expanded Retail Discount

In response to the coronavirus pandemic, in the Budget on 11 March 2020, the Government announced that it would increase the retail discount to 100% and extend it to include the leisure and hospitality sectors. Government also extended the relief so that properties that had to close as a result of the restriction measures due to COVID-19 were eligible for the relief. This discount was fully funded by the Government.

In 2020/21 £62.7m has been granted in retail discount to business rate accounts.

Nursery Discount

In response to the coronavirus pandemic the Government announced a business rates nursery discount for 2020/21. This relief applied to properties occupied by providers on Ofsted's Early Years Register where the property is used for the provision of the Early Years Foundation Stage. The discount was 100% of the rates charge for the year and was fully funded by the Government.

In 2020/21 £0.9m has been granted in discount to business rate accounts.

Government have not made any announcements with regard to extending Expanded Retail Discount and Nursery Discount into 2021/22.



Supplementary Business Rates

There are no proposals for Cheshire East Council to charge supplementary rates in 2021/22.

Local Retention of Business Rates

From 1st April 2013 Cheshire East Council retains c.28% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. The Medium-Term Financial Strategy (**Annex 6**) sets out the Council's ambition and forecast income from promoting economic development.

Local Discretionary Rate Relief

Cheshire East Council has the discretion to award rate relief to any ratepayer. Applications are considered on an individual basis. Relief would only be awarded where it was in the council taxpayer's interest to do so.

Other measures to support local businesses with business rates

Continuation of the option to spread business rates bills over 12 months rather than 10 months.

Council Partners and Stakeholders

For Example: Town and Parish Councils, Health, Fire, Police, Schools, Colleges, Universities, Community, Voluntary and Faith Organisations, Housing Providers, Community Partnerships and Businesses working across themes and places to overcome challenges.

The opening of a new, locally developed service to support people in Nantwich with Dementia: Cheshire East Nantwich Soroptimists, Age UK Cheshire, Wishing Well, Safe in Hands, Cheshire Police, Richard Village, Right at Home, Morrisons and associated volunteers.



The Council is fully committed to create platforms for cross sector partnership working to ensure resource is maximised to provide the best possible services. Developing a shared vision across Cheshire East on key priorities is best practice to achieve the most effective outcomes for our residents. The keys areas of cross sector working, including examples, are as follows:

1. By developing integrated approaches across the Public Sector, we are seeing joined up offers for local people whilst having a greater understanding of the local needs of our population.
 - The Integrated Care Partnership across Cheshire East will explore how commissioning activities can be developed focusing on population health.
 - The eight Care Communities partnerships across health and social care are understanding the local health inequalities and identifying solutions to keep people fit and well.
 - Our ongoing partnership operations with Cheshire Police is making Cheshire East a safer place to live.
 - The fast-growing partnership arrangements with Cheshire Fire and Rescue to gather local intelligence and undertake safe and well checks are having an impact on the prevention agenda.
2. By working collaboratively with business and industry we are working to protect our businesses, grow our opportunities for local people, whilst improving the environmental impact across the borough.
 - A Social Value movement across Cheshire East has developed a network through a Social Value award, this allows all partners to show their commitment to making their organisation and the impact they have, to be even greater on the environment, the economy and in our communities.
 - By developing trusted relationships through Regulatory Services, Economic Growth and Regeneration we support business and industry to flourish across Cheshire East.

Congleton Police, Congleton Town Council and Cheshire Without Abuse are now able to offer monthly domestic abuse advice and support clinics in the Old Saw Mill building, one of Congleton's Connected Community Centre's supported by Cheshire East Council.



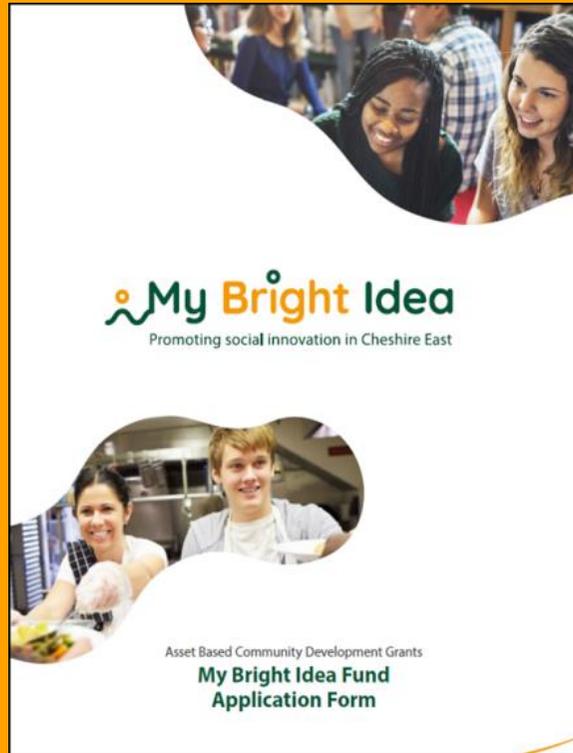
3. By working closely with the Voluntary, Community and Faith Sector we are gaining even more insight on the needs of residents and how Council statutory services can be complimented by more localised approaches that build on the skills that exist within communities.

- The Voluntary, Community and Faith Sector Leaders group are now key stakeholders in any of the Council's co-production activities.
- The Social Action Partnership is working across the VCFSE sector creating purpose-built partnerships that enhance the local offer and provide either more or joined up resources within communities.
- 15 Local Neighbourhood Partnerships representing the beating heart of their communities where resource, ideas and opportunities are shared each month, which result in the development of local activities.

This cross-sector working will allow us to unite on key priorities such as building our local economy, investing in our local environment and developing opportunities that meet the needs of our communities.

The Council is keen to build on existing relationships and will always seek opportunities to develop new relationships to achieve a range of shared priorities.

Cheshire East Council My Bright Idea Fund to allow local people to apply to resolve local priorities (below).



- **Town and Parish Councils:** The funding of Cheshire Association of Local Councils to support the relationships and strong communication between Cheshire East Council and Town and Parish Councils can provide consistent approaches to local communities.
- **Neighbourhood Partnerships:** The development of 15 place based Neighbourhood Partnerships brings together a range of partners including the Voluntary, Community and Faith sector, Public sector, Private sector and local residents, to understand local priorities based on accessible data and local intelligence. As a partnership they collaboratively create and tailor projects to suit the communities' needs building on existing assets.
- **Connected Communities Centres:** by recognising our key partners that have accessible venues in our communities, we have developed a social franchise model to host a range of activities and support local residents. Each of the 30 centres deliver services tailored to their community, from coffee mornings, computer classes and line dancing, to learning a language, sharing a problem and offering space and support for local residents to turn their interests and passions into a group or activity that will benefit their wider community.
- **Local Residents:** Local people are Cheshire East Council's key stakeholders. We work to consult and engage on various issues and changes the Council make across the borough. One example of how we encourage our communities to remain strong and supportive is the availability of the Cheshire East Bright Idea fund which allows the Voluntary, Community and Faith sector as well as local people to apply for funding to improve their local community.

The Local Environment



The Council committed to be carbon neutral by 2025, and to work to encourage businesses, residents and organisations in Cheshire East to reduce their carbon footprint, by reducing energy consumption and promoting healthy lifestyles. Our Environment Strategy and Carbon Action Plan sets out the Councils' policy on the Environment and how it will achieve carbon neutrality by 2025 and influence carbon reduction across the borough.

Since 2010 the Council has reduced its carbon emissions by 55% but recognises there is still much more work to do to achieve carbon neutrality. We are committed to address this remaining carbon footprint by 2025 and to influence the wider borough. This will be achieved through further Council carbon reduction measures, sustainable energy production and carbon offset through locally focused environmental schemes such as large-scale tree planting sequestration (long term removal of carbon from the atmosphere). In doing so we seek to work in partnership with business and communities to influence carbon reduction together for the whole of the borough.

- 3.9 Under the Equality Act 2010, decision makers must show ‘due regard’ to the need to:
- Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity between those between those who share a protected characteristic and those who do not share it; and
 - Foster good relations between those groups.
- 3.10 The protected characteristics are: age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 3.11 Having “due regard” is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.
- 3.12 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy, the Budget and the Corporate Plan, the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.
- 3.13 The proposals within the MTFS include positive and negative impacts.
- 3.14 Positive impacts include investment in services for children and adults (protected characteristics primarily age and disability). Specific examples are investments in Children and

Families modernisation, Ofsted response, SEND, children’s social care and care leavers. There is significant investment in adult social care, support to care providers and for supporting accommodation (protected characteristics primarily age and disability). There is a specific proposal for investment in a transit site (protected characteristic race and belief).

- 3.15 There a number of savings proposals which could have a negative impact on those with protected characteristics and where appropriate mitigation will be required. These include reviews of Direct Payments, Day Opportunities, Mental Health Services, Learning Disabilities, Local Supported Buses and Parking Strategy. They will be subject to more detailed work and consultation before any decisions are made.
- 3.16 The new Corporate Plan’s vision reinforces the Council’s commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

4. Workforce Strategy

Working for a Brighter Future Together

- 4.1 We are living and working in a world where residents and communities have high expectations of both business and public services.
- 4.2 Providing high quality services is increasingly challenging for public services where there is a need to respond to both increasing demand on services and increasing financial challenges.
- 4.3 As the climate within which we operate becomes increasingly more difficult, it is a key priority to support our people to meet the needs of residents by embedding further our cultural vision. This means ensuring; we have a shared purpose, we are supported and well-led, we are treated fairly and highly valued and that we succeed together.
- 4.4 Supporting the Council's new ways of working and making the best use of technology, whilst also recognising the diverse nature and the complexity of the roles our people play are integral to this work.

Workforce Priorities

- 4.5 Putting the right people in the right places at the right times is at the heart of the Council's success. To support the delivery of the Council's Corporate Plan within the context of the Vision and Employee Deal, three priority areas are:
 - **Our Culture – enabling our workplace vision**

- **Our organisational and workforce development**
- **Our employee experience**

Workforce, Pay and Pensions

- 4.6 The National Employers final offer of 2.75% for 2020/21 has been accepted by the Trade Unions and the updated pay rates and arrears from April 2020 were paid in October salaries. Further work has been undertaken with the trade unions in respect of the Council's NJC Pay Structure and a final proposal has been submitted and this will be subject to consultation with the workforce shortly. Final proposals have also been submitted to the trade unions in respect of the changes to the JNC pay structure and the removal of performance related pay.
- 4.7 The legislation to implement the £95,000 cap on exit payments in the public sector completed the Parliamentary process and was signed into law on 14 October 2020. The new regulations and therefore the cap, came into force on 4 November 2020. Changes to the Local Government Pension Scheme rules which are required to accommodate the £95,000 cap have been subject to a separate consultation and legal challenge are not likely to be implemented for some months which creates a conflict between the existing regulations. The LGA and the Trade Unions continue to raise concerns about the implementation of this legislation with MHCLG and HM Treasury and there are applications for Judicial Review pending.
- 4.8 Through the Finance Act (2017), the payment of an apprenticeship levy became a statutory requirement in April 2017 and both the levy and apprenticeship new starts target are ongoing annually. The Council's liability remains at 0.5%

of the pay bill which is forecast to be approximately £0.7m per year.

- 4.9 Based on current headcount, the 2.3% of the workforce to be made up of apprentices is estimated to be 167 apprenticeship new starts for the Council each year, including ASDVs and maintained schools. Increasing the number of new apprentices to the organisation will increase salary costs as will releasing existing staff to undertake the off the job training required for an apprenticeship. The apprenticeship levy does also provide the Council with dedicated funding for the development of existing staff and the training of new apprentice recruits, often in those areas with identified skills gaps.
- 4.10 A valuation of the Cheshire Pension Fund was undertaken to determine the employer contribution rates for the Local Government Pension Scheme which will come into effect from 1st April 2020. Forecast contribution rates will see no increase in employee costs for 2021/22.
- 4.11 Headcount and Full Time Equivalent (FTEs) have reduced steadily since Cheshire East Council was formed, following Local Government Reorganisation in 2009.

Date	Headcount	% change from previous year	FTE	% change from previous year
30-Apr-09	6,522	n/a	4,891.5	n/a
30-Apr-10	6,155	-5.63	4,582.8	-6.31
30-Apr-11	5,860	-4.79	4,385.4	-4.31
30-Apr-12	5,449	-7.01	4,080.2	-6.96
30-Apr-13	5,103	-6.35	3,880.7	-4.89
30-Apr-14	4,403	-13.72	3,232.7	-16.70
30-Apr-15	3,812	-13.42	2,883.5	-10.80
30-Apr-16	3,763	-1.29	2,891.7	0.28
30-Apr-17	3,623	-3.72	2,835.3	-1.95
30-Apr-18	3,587	-0.99	2,824.5	-0.38
30-Apr-19	3,556	-0.86	2,767.5	-2.02
30-Sep-18	3,580	-0.20	2,771.0	-1.89
30-Sep-19	3,593	+0.36	2,801.0	+1.08
30-Sep-20	3,592	-0.03*	2,829.5	+1.00*

* As compared to September 2019

Financial Sustainability				
Support and sustain a financial future for the Council, through service development, improvement and transformation	2021/22 £m*	2022/23 £m*	2023/24 £m*	2024/25 £m*
<p>[3] Pay Inflationary Increases</p> <p>Increases in employee related costs over the medium term. Items covered by this proposal include review of pay structures; spinal point incremental increases for eligible staff and annual nationally negotiated pay awards.</p> <p>Pay inflation in 2021/22 only refers to employees earning less than £24,000pa. Pay inflation beyond 2021/22 is assumed at 2.5% for all employees. All pay inflation figures are subject to national negotiation.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	+1.662	+3.753	+3.833	+3.922
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2020/21.</p> <p style="text-align: right;"><i>Values are not cumulative</i></p>				

5. Risk Management

- 5.1 The Council continues to implement and embed an effective risk management framework and appropriate risk appetite to ensure that it is better placed to manage its performance; achieve its corporate objectives; and provide an enhanced level of service and outcomes to the community. Risk management is a key principle of effective corporate governance and operating within the framework ensures that there is a mechanism in place to support effective decision making and appropriate risk responses.
- 5.2 Cheshire East recognises that in pursuit of its objectives and outcomes that it may choose to accept an increased degree of risk. Where the Council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood before developments are authorised, that it has sufficient risk capacity and that sensible measures to mitigate risk are established.
- 5.3 In this constantly evolving environment, with a need to continually adapt internal organisation to meet legal requirements, economic challenges, urban changes, demographic and social changes, it is possible for managers and decision makers to miss risks that may arise suddenly or unexpectedly. The Council uses its risk management framework to help protect against this and the Corporate Leadership Team and Cabinet regularly review the Council's strategic risks and give assurance on the effectiveness of risk management through the Council's Audit and Governance Committee.
- 5.4 The highest rated risks on the Council's strategic risk register are around shifting costs for both the Council and its key partners and suppliers, and increased demand, which places additional strain on the Council's capacity, resources and its financial resilience.
- 5.5 At a strategic level, the Corporate Leadership Team and Cabinet are included as part of the process to review existing risks as well identifying new and emerging risks. Operationally risk management is integrated into service planning and decision making to ensure that:
- Risks are recognised and responded to appropriately throughout business management and decision-making lifecycles.
 - Risk activity is focused on the delivery of key organisational objectives.
 - Risk registers are critically examined and refreshed throughout the year.
- 5.6 A risk around financial resilience is included as a corporate risk and general reserves are focused on the Council's potential exposure to risk. In addition, where a particular area has been identified as specific risk or investment opportunity, then an amount will be earmarked for that specific purpose.
- 5.7 In 2020/21 two strategic risks have had significant impacts on other strategic risks and on the council as a whole. COVID 19 has created financial and service pressures at an unprecedented level and continue to be an area of high risk and uncertainty. The risks to the Council associated with recent EU exit are being actively managed. These risks are being monitored, reviewed and reported regularly to the Audit and Governance Committee and the Cabinet.
- 5.8 As covered in other areas of the Reserves Strategy, financial risk is managed for example by estimating variations, demand led budgets, provisions in the Capital Strategy, limits within the Treasury Management Strategy. Financial and budgetary

matters are reported regularly to the Audit and Governance Committee which provides oversight. In the table below are the highest rated strategic risks (scored 12 and above) which have implications for financial management and potential impact on reserves.

Highest Rated Strategic Risks Scoring 12 and above (out of 16)	
Ref	Short Risk Title
01	Demand for People services
02	NHS funding
03	Financial Resilience
04	Cyber Security
05	Business Continuity
06	Capacity and Demand
07	EU Transition
09	Capital Projects
11	Pandemic
12	Failure and Fragility in Social Care Markets
16	Economic Risk

6. Local Taxbase and Collection Fund

Council Tax

- 6.1 Locally collected domestic taxes that are directly retained by the Council will provide approximately 77% of the Council's net funding in 2021/22. The Council therefore takes a very careful approach to managing the domestic taxbase in a way that reflects local growth ambitions and supports sustainable services in the medium term.
- 6.2 Growth in the local taxbase supports the ambition in the Corporate Plan of creating economic independence from Government grant. In 2021/22, there continues to be no general Government grant support to the revenue budget of Cheshire East Council. The speed of this change has been a major challenge and when increases in demand related to protecting vulnerable people and inflation in costs are taken into account, then this creates a requirement to continue to increase council tax levels in line with Government expectations.
- 6.3 Taxbase levels have risen steadily in recent years as can be seen in the table below

Table 1 - Taxbase increases	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
No. of properties as at Oct in previous year	169,189	170,942	173,087	175,059	178,158	180,505
Estimated new homes	1,600	1,500	1,800	2,200	2,200	1,800
Cheshire East Taxbase	142,186.60	144,201.51	147,003.80	149,517.54	152,597.84	153,796.10
Growth in taxbase	2.47%	1.42%	1.94%	1.71%	2.06%	0.79%

- 6.4 The taxbase for 2021/22 was approved by full [Council on 16th December 2020](#) and further information can be obtained from the Domestic Taxbase report.

Business Rates

- 6.5 The Government introduced the business rates retention scheme on 1st April 2013. There continues to be much uncertainty around the scheme as a result of appeals to the local list. This has resulted in the need to create and build upon a specific earmarked reserve and provision for appeals to protect against large fluctuations in any given year. This Annex provides an illustration of how the scheme has worked over time and what changes are likely over the medium-term including estimates of future income.
- 6.6 The basic concept is that a baseline position is established and an element of growth over and above that can be retained. Central Government set the baseline over which growth is measured but the Council can budget on locally set figures. This can be informed by the NNDR1 form which contains estimates that must be provided to Government at the end of January each year.
- 6.7 As part of the last five budget cycles, growth estimates above baseline were calculated and the taxbase has been monitored to assess the robustness of those estimates. This has proved to be reasonably accurate so far but then in March 2020, the coronavirus pandemic locked the economy down and businesses have been dramatically affected. This has affected the in-year performance of business rates for 2020/21 and is likely to continue to impact over the medium term.
- 6.8 Central government use compensation S31 grants to reimburse Local Authorities for the cost of any discounts or exemptions that have been granted since the start of the scheme in April 2013. For 2020/21, a very large Extended Retail Relief scheme was introduced to help support

businesses through the pandemic. For Cheshire East this has accounted for around half of the original business rates that were due to be collected.

- 6.9 An in-year deficit is forecast to materialise due to lower collection which will increase year end arrears and result in a higher loss in collection provision being required, reductions in rateable value and higher than average refunds in year. The Extended Retail Relief has also created an in-year deficit in the region of c.£60m on its own. Therefore, the full deficit is likely to be in the region of c.£70m of which half is repayable by the authority.
- 6.10 Central Government have already compensated local authorities for their share of the Extended Retail Relief so this portion of the deficit can be immediately repaid in full in 2021/22. This will leave a residual deficit in the region of £9.5m.
- 6.11 Central Government have also confirmed as part of the Spending Review in November 2020 that 75% of irrecoverable losses in the Collection Fund will be funded. Regulations have also been brought in to allow the remaining in year deficit to be spread over the following three years to assist with the impact on the revenue budget (see Collection Fund section later in the Annex)
- 6.12 For 2020/21 the NNDR1 return was forecasting retained rates of £3.1m above the funding baseline (of £42.5m) giving a contribution to the revenue budget of £45.6m. This budget above the baseline was accounting for the growth projections since the start of the BRRS plus levy savings that were forecast as part of the 2020-24 Medium Term Financial Strategy report. The shortfall against this budget as an on-going result of the pandemic will now be covered by the

Collection Fund Earmarked Reserve which was set up to provide protection against fluctuation in rates.

- 6.13 Business rates compensation grants, payable by Central Government, for any new exemptions or discounts granted since the baseline funding levels were set back in April 2013 are also being used in part to support the revenue budget in 2020/21 which took the total business rates income to £49.8m.
- 6.14 For 2021/22, despite the reduced starting point with the taxbase, the usual process of forecasting growth in Rateable Value has been undertaken as set out below.

Available Data

- 6.15 The Council has gathered information from several sources to judge likely levels of economic growth or decline including:
- Information from the business engagement team.
 - Data from the Council's planning system.
 - Data from the team working to generate capital receipts.
 - Data from the Revenues collection service in terms of appeals and expected growth.
 - Data from the valuation office.
 - Financial Strategy & Reporting knowledge of the BRRS calculations.

Method

- 6.16 This available data has been reviewed to generate broad estimates of the potential increase in Rateable Value (RV) over the medium term.

- 6.17 An allowance has been made for the average impact of timing delays, on appeals, on other RV nearby (displacement) and likely loss of RV where appropriate.
- 6.18 The end result has been converted to business rates and processed via a BRRS model developed and maintained by Strategy Finance.
- 6.19 This model also takes account of any impact of pooling.

Results

- 6.20 Retained rates income forecast from growth in the taxbase for 2021/22 is forecast to be £0.76m. After the central share and levy payments have been made it results in a net increase for Cheshire East of £0.31m as per **Table 2**.
- 6.21 However, due to the unprecedented times that businesses are currently facing, it is prudent not to include any increase in overall business rates income for 2021/22 and beyond.
- 6.22 For 2021/22 the government has announced that the multiplier usually used to increase business rate bills by inflation are to be frozen at 2020/21 levels also.
- 6.23 For 2021/22, the retained rates are still in the process of being calculated (at the time of writing the MTFS). The assumption is that the use of the S31 compensation grants will continue into next year also, with any remaining amount being credited to the Collection Fund Earmarked reserve to help fund the risk around future business rates funding. Therefore, the resulting overall funding from business rates will be retained at £49.1m for 2021/22.

- 6.24 The revised business rates retention scheme that was due to be implemented from April 2021 has now been delayed by a further year due to the impact on Central Government resources. This also contributed to the decision not to increase business rates income over the medium term.

Table 2 - Estimated Increased Net Business Rates Income			
Business Type	2021/22	2022/23	2023/24
	£m	£m	£m
Retail	0.64	2.22	1.16
Offices	0.20	0.00	0.00
Manufacturing	-0.18	0.00	0.00
Leisure	0.10	0.03	0.00
Other	0.00	0.01	0.00
Industrial	0.00	0.00	0.00
Total Net Growth	0.76	2.26	1.16
Total Retention for Cheshire East	0.31	0.90	0.46

Collection Fund

- 6.25 Receipts from council taxpayers and businesses are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, Central Government and local Town and Parish Councils).

- 6.26 If receipts are more than the budgeted precepts of the billing authority (Cheshire East) and the major preceptors, then this creates a surplus in the fund which can be released in the following financial year. If receipts are less, then this would result in a deficit which would need to be paid back by all parties in their proportionate shares in future years.
- 6.27 COVID-19 has had a severe impact on both the Council Tax and Business Rates collection funds and the tables below set out the estimated position on each fund as at the end of 2020/21.

Collection Fund 2020/21 - Council Tax		£m
Balance brought forward		£m
2019/20 Outturn (Surplus) / Deficit		-0.229
Demand on Collection Fund (precepts)		
Cheshire East (inc. Parish Precepts)		238.254
Cheshire Police and Crime Commissioner		32.113
Fire Authority		12.099
Total Payments due to Preceptors		282.466
2019/20 surplus estimation declared in Jan 20 - to be allocated out in 2020/21		0.174
Total Payments due to Preceptors		0.174
Net payment due to Preceptors		282.640
Net Income due into the Collection Fund (estimate as at Dec 2020)		
		280.496
Discretionary reliefs to be funded by General Fund		
Foster Carers / Care Leavers		0.083
Total		0.083
Estimated Total Overall Deficit		1.832
Impact on Collection Fund Earmarked Reserve (before 75% compensation)		
		£m
2021/22		0.485
2022/23		0.531
2023/24		0.531

Collection Fund 2020/21 - Business Rates		£m
Balance brought forward		
2019/20 Outturn (Surplus) / Deficit		1.013
Demand on Collection Fund		
Central Government		70.743
Cheshire East		69.328
Fire Authority		1.415
Total payments due to Preceptors		141.486
2019/20 surplus estimation declared in Jan 20 - to be allocated out in 2020/21		0.064
Total Payments due to Preceptors		0.064
Net payment due to Preceptors		141.550

Net Income due into the Collection Fund (estimate as at Dec 2020)		73.108
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Items to be excluded from Collection Fund share to preceptors		
Cost of Collection		-0.573
EZ Growth Disregard		-0.517
Renewable Energy Disregard		-0.116
		-1.206

Estimated Total Overall Deficit		70.661
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Impact on Collection Fund Earmarked Reserve (before 75% compensation)		£m
2021/22 (after contribution from S31 compensation grant of £29.9m for Extended Retail Relief)		-1.900
2022/23		-1.372
2023/24		-1.372

- 6.28 New legislation has been passed during 2020/21 to allow these “exceptional balances” to be spread equally over the period 2021/22 to 2023/24 to avoid all the costs being incurred in one year.
- 6.29 For Business Rates the loss in income is extremely significant due mainly to the Extended Retail Relief which awarded over £60m to all eligible retail establishments This deficit will be borne 49% by the billing authority and S31 compensation funding has already been received to offset this deficit.
- 6.30 It has also been announced as part of the Spending Review in November 2020 and then confirmed as part of the Local Government Provisional Settlement on 17th December that 75% of the “irrecoverable losses” due to COVID-19 will be fully funded by way of a further S31 grant.
- 6.31 The prior year deficit for business rates and the in-year deficit (c.25%) residual balances will be managed through the use of the Collection Fund Earmarked Reserve.

7. The Budget Setting Process for the 2021/22 Financial Year

Set Parameters	Gather Evidence	Consult and Refine	Approve																																																																									
Apr to May 2020	June to Nov 2020	Dec 2020 to Jan 2021	Feb 2021																																																																									
<p>Assumptions reported to Cabinet / Council in Feb 2020</p> <table border="1"> <thead> <tr> <th>Revenue Budget 2019/20</th> <th>£m</th> <th></th> </tr> </thead> <tbody> <tr> <td>Cost of services</td> <td>312.8</td> <td>➡</td> </tr> <tr> <td>Local Taxation</td> <td>-285.5</td> <td>➡</td> </tr> <tr> <td>Government Funding</td> <td>-15.2</td> <td>➡</td> </tr> <tr> <td>Council Tax Collection Fund</td> <td>0.0</td> <td>➡</td> </tr> <tr> <td>Total</td> <td>12.2</td> <td></td> </tr> </tbody> </table>	Revenue Budget 2019/20	£m		Cost of services	312.8	➡	Local Taxation	-285.5	➡	Government Funding	-15.2	➡	Council Tax Collection Fund	0.0	➡	Total	12.2		<p>Develop Pre Budget Consultation to close the gap</p> <table border="1"> <thead> <tr> <th>Review Assumptions</th> <th>£m</th> <th></th> </tr> </thead> <tbody> <tr> <td>Net change to cost of services and central budgets</td> <td>-3.7</td> <td>➡</td> </tr> <tr> <td>Pension Income due to Actuary results</td> <td>-4.6</td> <td>➡</td> </tr> <tr> <td>Local Tax Base Decrease due to additional Council Tax Support</td> <td>0.5</td> <td>➡</td> </tr> <tr> <td>Assumption in grant funding that we will be "no worse off" compared to 2020/21 due to rolled forward settlement</td> <td>-6.4</td> <td>➡</td> </tr> <tr> <td>Council Tax Collection Fund deficit (to be taken in 2021/22)</td> <td>2.0</td> <td>➡</td> </tr> <tr> <td>Total</td> <td>-12.2</td> <td></td> </tr> </tbody> </table>	Review Assumptions	£m		Net change to cost of services and central budgets	-3.7	➡	Pension Income due to Actuary results	-4.6	➡	Local Tax Base Decrease due to additional Council Tax Support	0.5	➡	Assumption in grant funding that we will be "no worse off" compared to 2020/21 due to rolled forward settlement	-6.4	➡	Council Tax Collection Fund deficit (to be taken in 2021/22)	2.0	➡	Total	-12.2		<p>Changes Post Pre Budget Consultation</p> <table border="1"> <thead> <tr> <th>Confirm Proposals</th> <th>£m</th> <th></th> </tr> </thead> <tbody> <tr> <td>Net change in policy proposals</td> <td>3.6</td> <td>➡</td> </tr> <tr> <td>Change in use of Earmarked reserves</td> <td>2.8</td> <td>➡</td> </tr> <tr> <td>New Homes Bonus refinement following provisional settlement</td> <td>3.4</td> <td>➡</td> </tr> <tr> <td>Grant changes following provisional settlement</td> <td>-0.9</td> <td>➡</td> </tr> <tr> <td>Additional Adult Social Care precept</td> <td>-6.9</td> <td>➡</td> </tr> <tr> <td>Council Tax Collection Fund</td> <td>-2.0</td> <td>➡</td> </tr> <tr> <td>Total</td> <td>0.0</td> <td></td> </tr> </tbody> </table>	Confirm Proposals	£m		Net change in policy proposals	3.6	➡	Change in use of Earmarked reserves	2.8	➡	New Homes Bonus refinement following provisional settlement	3.4	➡	Grant changes following provisional settlement	-0.9	➡	Additional Adult Social Care precept	-6.9	➡	Council Tax Collection Fund	-2.0	➡	Total	0.0		<p>Medium Term Financial Strategy</p> <table border="1"> <thead> <tr> <th>Budget Report</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Cost of services</td> <td>311.1</td> </tr> <tr> <td>Local Taxation</td> <td>-291.9</td> </tr> <tr> <td>Government Funding</td> <td>-19.2</td> </tr> <tr> <td>Total</td> <td>0.0</td> </tr> </tbody> </table>	Budget Report	£m	Cost of services	311.1	Local Taxation	-291.9	Government Funding	-19.2	Total	0.0
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8. Revenue Grant Funding

Corporate Grants Register 2021-25	Revised Budget	Forecast	Forecast	Forecast	Forecast
	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
SPECIFIC USE (Held within Services)					
People					
Schools					
Dedicated Schools Grant	290,497	311,122	311,122	311,122	311,122
Less Academy Recoupment	155,381	163,150	171,308	179,873	188,867
Dedicated Schools Grant (Cheshire East)	135,116	147,972	139,814	131,249	122,255
Pupil Premium Grant (maintained schools only)	4,423	4,423	4,423	4,423	4,423
Year 7 Catch-up	81	81	81	81	81
Sixth Forms Grant (maintained schools only)	2,366	2,452	2,452	2,452	2,452
Universal Infant Free School Meals	1,873	1,910	1,910	1,910	1,910
Primary Physical Education Sports Grant	1,092	1,084	1,084	1,084	1,084
Free School Meals (FSM) Supplementary Grant	170	167	167	167	167
Teachers Pay Grant	1,037	0	0	0	0
Teachers Pension Grant	3,079	0	0	0	0
COVID-19 Coronavirus Schools Fund (Schools Emergency Support)	257	0	0	0	0
COVID-19 Catch Up Premium	353	0	0	0	0
School Improvement Monitoring and Brokering Grant	259	259	259	259	259
Milk Subsidy	21	21	21	21	21
Supplementary Pension Grant - Centrally Employed Teachers	78	0	0	0	0
Additional Dedicated Home to School and College Transport	295	0	0	0	0
COVID-19 Wellbeing for Education Return Grant	55	0	0	0	0
Total Schools	150,555	158,369	150,211	141,646	132,652
Children and Families	2,019	1,696	1,661	1,661	1,661
Adult Social Care and Health ⁽¹⁾	29,708	12,603	12,576	12,576	12,576
Public Health	21,364	16,757	16,757	16,757	16,757
Total People	203,646	189,425	181,205	172,640	163,646

Corporate Grants Register 2021-25	Revised Budget 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000
Place					
Growth and Enterprise	1,506	0	0	0	0
Environment and Neighbourhood Services	159	0	0	0	0
Highways and Infrastructure	1,340	348	348	348	348
Directorate	2,047	787	787	787	787
Total Place	5,052	1,135	1,135	1,135	1,135
Corporate					
Finance and Customer Services	48,964	43,626	39,315	37,371	35,524
Total Corporate	48,964	43,626	39,315	37,371	35,524
TOTAL SPECIFIC USE	257,662	234,186	221,655	211,146	200,305
GENERAL PURPOSE (Held Corporately)					
PEOPLE - Children and Families					
Staying Put Implementation Grant	113	0	0	0	0
Extended Rights to Free Transport	201	201	201	201	201
Extended Personal Adviser Duty Implementation	42	0	0	0	0
Extension of the role of Virtual School Heads	60	60	60	60	60
Domestic Abuse Duty Capacity Building Fund	50	0	0	0	0
PEOPLE - Adult Social Care and Independent Living					
Social Care Support Grant	7,616	7,979	7,979	7,979	7,979
Independent Living Fund	861	818	818	818	818
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard	340	340	340	340	340
Controlling Migration Fund	0	0	0	0	0
PLACE					
Neighbourhood Planning Grant for Local Planning Authorities	100	0	0	0	0
Homelessness Reduction Act - new burdens	116	0	0	0	0
Letting Agents Transparency & Redress Schemes	1	0	0	0	0
Environmental Service Feasibility Study (NW Local Energy Hub)	67	0	0	0	0

Corporate Grants Register 2021-25	Revised Budget 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000
CORPORATE					
Business Support Grant	116,307	0	0	0	0
Housing and Council Tax Benefit Administration	1,022	1,022	970	921	875
NNDR Administration Allowance	571	569	569	569	569
New Homes Bonus	11,193	7,841	3,920	1,960	980
Lower Tier Services Grant	0	335	0	0	0
Individual Electoral Registration	34	0	0	0	0
COVID-19 Council Tax Hardship Fund	2,063	0	0	0	0
CENTRAL ITEMS (2)					
COVID-19 Additional Business Rates Reliefs payments for 2020/21 (Tranche 1)	58,786	0	0	0	0
COVID-19 Additional Business Rates Reliefs payments for 2020/21 (Tranche 2)	1,775	0	0	0	0
COVID-19 Compensation for Sales, Fees and Charges Income	6,100	0	0	0	0
COVID-19 Emergency Funding (Tranche 2)	10,539	0	0	0	0
COVID-19 Emergency Funding (Tranche 3)	2,711	0	0	0	0
COVID-19 Emergency Funding (Tranche 4)	2,578	0	0	0	0
COVID-19 Winter Grant Scheme	880	0	0	0	0
Business Rates Reliefs Grant 2020/21	9,188	0	0	0	0
TOTAL GENERAL PURPOSE	233,314	19,165	14,857	12,848	11,822
TOTAL GRANT FUNDING	490,976	253,351	236,512	223,994	212,127

(1) In respect of Private Finance Initiatives (PFI), Cheshire East Council are currently reflecting the total PFI grant monies received, even though Beechmere Extra Care Housing building, which was destroyed in a fire, no longer stands. No agreement has been reached with the HM Treasury on any possible reduction of grant income and Cheshire East Council continues to pay the residual unitary charge excluding Beechmere to Avantage. Any decision will be dependent on the outcome of the fire investigation. Discussions are continuing with the private sector partner, who has recently restructured, with regard to both the reinstatement of Beechmere and the remediation of the other four sites which make up the PFI scheme.

(2) Further COVID-19 grant support is anticipated during 2021/22 but will be utilised entirely for related pressures in expenditure or income losses. £3.371m is expected for the Local Council Tax Support Scheme to help support residents on low income and a further tranche of general COVID-19 funding is expected totalling £8.5m. In addition the Council expects to receive grant in compensation for a proportion of any losses in sales, fees and charges income, compared to what would normally be received in the months April to June 2021

9. Capital Grant Funding

	Expected Receipt 2021/22	Application of Grants in 2021/22	Expected Receipt 2022/23	Application of Grants in 2022/23	Expected Receipt 2023/24	Application of Grants in 2023/24	Expected Receipt 2024/25	Application of Grants in 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
SPECIFIC PURPOSE (Held Corporately)								
PEOPLE								
Education and 14-19 Skills								
Early Years Sufficiency Fund - 2018/19	0	0	0	290	0	0	0	0
Special Provision Fund	0	815	0	0	0	0	0	0
School Condition Grant	1,560	2,132	1,560	1,560	1,560	1,560	1,400	1,400
Schools Nursery Fund	0	30	0	0	0	0	0	0
Devolved Formula Capital Grant	390	537	390	390	385	385	370	370
Basic Need Grant	5,977	14,738	0	10,926	0	2,800	0	0
TOTAL PEOPLE	7,927	18,252	1,950	13,166	1,945	4,745	1,770	1,770
PLACE								
Growth and Enterprise								
Connecting Cheshire Digital 2020 - Super Fast Broadband	4,515	4,515	1,179	1,179	0	0	0	0
Disabled Facilities Grant	2,065	2,065	2,065	2,065	0	0	0	0
Homes England Grant - Gypsy Traveller Site	550	550	0	0	0	0	0	0
Homes England Grant - North Cheshire Garden Village	3,732	3,732	10,500	10,500	7,468	7,468	0	0
PROW CMM A6 MARR	0	98	0	0	0	0	0	0
Schools Capital Maintenance	0	135	0	0	0	0	0	0
Homes England Grant - South Macclesfield Development Area	3,534	3,534	6,466	6,466	0	0	0	0

	Expected Receipt 2021/22	Application of Grants in 2021/22	Expected Receipt 2022/23	Application of Grants in 2022/23	Expected Receipt 2023/24	Application of Grants in 2023/24	Expected Receipt 2024/25	Application of Grants in 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
SPECIFIC PURPOSE (Held Corporately)								
Infrastructure and Highways								
Department for Transport S31 Grant - A500	825	825	0	0	0	0	0	0
Department of Transport Incentive Fund	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987
Department of Transport Integrated Transport Grant	8,409	8,963	8,409	8,704	8,409	8,409	8,409	8,409
Department of Transport Maintenance Grant	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751
Department of Transport - Pothole and Challenge Fund	0	200	0	0	0	0	0	0
Department of Transport S31 Grant - Middlewich Eastern Bypass								
Housing Infrastructure Fund (MHCLG) - Northwest Crewe Package	5,807	5,807	0	0	0	0	0	0
National Productivity Investment Fund (NPIF) - Flower Pot Junction, Macclesfield	2,498	2,498	0	0	0	0	0	0
National Productivity Investment Fund (NPIF) - North West Crewe Spine Road Project	4,173	4,173	0	0	0	0	0	0
Local Growth Fund - Poynton Relief Road	12,037	12,037	0	0	0	0	0	0
Department for Transport - Safer Road Fund A532	603	603	0	0	0	0	0	0
Department for Transport - Safer Road Fund A536	1,860	1,777	0	83	0	0	0	0
Local Growth Fund - Sustainable Travel Access Programme	1,132	1,132	0	0	0	0	0	0
TOTAL PLACE	55,478	56,382	32,357	32,735	19,615	19,615	12,147	12,147
TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING	63,405	74,634	34,307	45,901	21,560	24,360	13,917	13,917

10. Financial Summary Tables (Revenue)

The 2020/21 Budget, shown as the starting point for the following tables, takes account of any permanent changes made during the 2020/21 financial year to date. There may be differences from the budget position at the [Third Quarter](#) Review which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

	Third Quarter 2020/21 Net Budget £000	Less 2020/21 Temporary Grant Budgets £000	Other Budget Amendments £000	2021/22 Base Budget £000
PEOPLE				
Directorate	881	-	-	881
Adult Social Care Operations	28,033	-	(443)	27,590
Children's Social Care	40,190	(155)	(50)	39,985
Commissioning	88,758	(43)	-	88,715
Education & 14-19 Skills	15,088	(262)	-	14,826
Prevention & Early Help	8,352	(50)	50	8,352
Public Health	-	-	-	-
	181,302	(510)	(443)	180,349
PLACE				
Directorate	978	-	-	978
Environment & Neighbourhood Service	41,299	(654)	443	41,088
Growth & Enterprise	20,551	(192)	(30)	20,329
Highways & Infrastructure	11,945	-	-	11,945
	74,773	(846)	413	74,340
CORPORATE				
Directorate	794	-	(261)	533
Finance & Customer Services	8,678	(15)	162	8,825
Governance and Compliance Services	10,018	(47)	-	9,971
Transformation	14,781	-	129	14,910
	34,271	(62)	30	34,239
TOTAL SERVICE BUDGET	290,346	(1,418)	-	288,928
CENTRAL BUDGETS				
Capital Financing	12,000	-	-	12,000
Corporate Contributions	717	-	-	717
Contribution to / from Reserves	(694)	-	-	(694)
	12,023	-	-	12,023
TOTAL BUDGET	302,369	(1,418)	-	300,951
CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(49,786)	-	-	(49,786)
Specific Grants	(22,932)	1,418	-	(21,514)
Council Tax	(229,504)	-	-	(229,504)
Sourced from Collection Fund	(147)	-	-	(147)
	(302,369)	1,418	-	(300,951)
FUNDING POSITION	-	-	-	-

Budget including Policy Proposals						
	2021/22			2022/23	2023/24	2024/25
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate						
People	252,448	-65,210	187,238	186,686	187,441	192,262
Place	108,294	-33,328	74,966	75,230	76,370	78,104
Corporate	112,635	-76,421	36,214	36,633	37,943	39,097
Total Cost of Service	473,377	-174,959	298,418	298,549	301,754	309,463
Central Items	19,340	-6,662	12,678	15,505	17,752	16,676
Total Cost of Service	492,717	-181,621	311,096	314,054	319,506	326,139
Policy Proposals included above						
Policy Proposals						
People	6,958	-67	6,891	-552	755	4,821
Place	261	366	627	264	1,140	1,734
Corporate	775	1,200	1,975	419	1,310	1,154
Central Items	4,222	-3,567	655	2,827	2,247	-1,076
Financial Impact of Policy Proposals	12,216	-2,068	10,148	2,958	5,452	6,633

PEOPLE - Directorate Summary

REVENUE BUDGET

Service Area	Budget including Policy Proposals					
	2021/22			2022/23	2023/24	2024/25
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Adult Social Care Operations	33,298	-5,333	27,965	28,166	28,385	29,122
Children's Social Care	45,782	-2,860	42,922	41,586	41,119	40,826
Commissioning	128,002	-36,923	91,079	92,003	93,480	97,610
Directorate	1,108	-220	888	913	938	964
Education and 14-19 Skills	18,519	-2,414	16,105	16,060	15,871	15,897
Prevention and Early Help	8,691	-412	8,279	7,958	7,648	7,843
Public Health	17,048	-17,048	0			
Total Cost of Service	252,448	-65,210	187,238	186,686	187,441	192,262
	Policy Proposals included above					
Adult Social Care Operations	261	118	379	201	219	737
Children's Social Care	2,937		2,937	-1,336	-467	-293
Commissioning	2,462	-100	2,362	924	1,477	4,130
Directorate	7		7	25	25	26
Education and 14-19 Skills	1,354	-75	1,279	-45	-189	26
Prevention and Early Help	-63	-10	-73	-321	-310	195
Financial Impact of Policy Proposals	6,958	-67	6,891	-552	755	4,821

PEOPLE - Adult Social Care Operations

REVENUE BUDGET

		Budget including Policy Proposals				
		2021/22		2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000
Care4CE		19,725	-4,489	15,236	15,236	15,236
East Adult Social Care		4,089		4,089	3,839	3,589
South Adult Social Care		4,674		4,674	4,424	4,174
Adult Social Care Operations		465	-793	-328	-328	-328
Mental Health and Learning Disability		2,507		2,507	2,507	2,507
Adult Safeguarding		1,452	-51	1,401	1,401	1,401
Pay Inflation		386		386	1,087	2,543
Total Cost of Service		33,298	-5,333	27,965	28,166	28,385
		Policy Proposals included above				
Policy Proposals						
Fixed Penalty Income target	Green		118	118		
Productivity and Efficiency in Adult Social Care	Open			0	-500	-500
Increased Usage of Digital Technology	Open	-125		-125		
Pay Inflation	Open	386		386	701	737
Financial Impact of Policy Proposals		261	118	379	201	737

PEOPLE - Children's Social Care

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22		2022/23	2023/24	2024/25	
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	
Cared for Children and Care Leavers		33,538	-2,292	31,246	31,016	30,145	29,438
Children in Need and Child Protection		6,903		6,903	6,903	6,903	6,903
Children's Safeguarding		2,556	-568	1,988	1,988	1,988	1,988
Childrens Contracts		1,078		1,078	1,078	1,078	1,078
Head of Service		1,570		1,570	70	70	70
Pay Inflation		137		137	531	935	1,349
Total Cost of Service		45,782	-2,860	42,922	41,586	41,119	40,826
		Policy Proposals included above					
Policy Proposals							
Investment in Cared for Children and Care Leavers	Fair	1,300		1,300	1,300	1,300	
Reduction in cost of external placements for cared for children	Fair			0	-1,530	-2,171	-707
Children's Social Care Transformation and OFSTED Response	Open	1,500		1,500	-1,500		
Pay Inflation	Open	137		137	394	404	414
Financial Impact of Policy Proposals		2,937	0	2,937	-1,336	-467	-293

PEOPLE - Commissioning

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Integrated Commissioning		121,530	-8,314	113,216	114,116	115,466	119,466
Business & Finance		1,826	-25,354	-23,528	-23,528	-23,528	-23,528
ASC Commissioning		2,748	-3,095	-347	-447	-447	-447
Contract Management and Quality		971		971	971	971	971
Children's Commissioning		867	-160	707	707	707	707
Pay Inflation		60		60	184	311	441
Total Cost of Service		128,002	-36,923	91,079	92,003	93,480	97,610

		Policy Proposals included above					
Policy Proposals							
Electronic Call Monitoring Reclamation	Fair	-245		-245	-30		
Investment in Adult Social Care	Fair	4,000		4,000	4,000	4,000	4,000
Investment in Advocacy Service	Fair	112		112			
Extra Care Housing – Catering / Restaurant Provision	Fair	300		300			
Growth for Care Fees in Adult Social Care	Fair	2,441		2,441			
Direction of travel for the Communities Team to focus	Fair	-250		-250	-500	-750	
Reduce Base budget assigned to Community Grants	Open	-50		-50	-100		
Pathfinder Cheshire East - Cheshire Community Action	Fair	-100		-100			
Learning Disabilities Future Service Development and	Fair	-750		-750	-1,000	-1,250	
Direct Payments	Open	-1,000		-1,000			
Day Opportunities Redesign, Strategy and Savings	Fair	-30		-30	-70	-150	
Cheshire Care Record	Fair	-138		-138			
Mental Health Floating Support	Fair	-120		-120			
Mental Health Services Review	Fair	-500		-500	-500		
Continuing Healthcare Reviews	Open	-500		-500	-1,000	-500	
Contract savings in the People Directorate	Open	-500		-500			
Review agreements linked to intermediate care beds	Fair	-268		-268			
Client Income in the People Directorate	Open		-100	-100			
Pay Inflation	Open	60		60	124	127	130
Financial Impact of Policy Proposals		2,462	-100	2,362	924	1,477	4,130

PEOPLE - Directorate

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate		1,101	-220	881	881	881	881
Pay Inflation		7		7	32	57	83
Total Cost of Service		1,108	-220	888	913	938	964
		Policy Proposals included above					
Policy Proposals							
Pay Inflation	Open	7		7	25	25	26
Financial Impact of Policy Proposals		7	0	7	25	25	26

PEOPLE - Education and 14-19 Skills

REVENUE BUDGET

		Budget including Policy Proposals					
Service Area	Aim Reference	2021/22			2022/23	2023/24	2024/25
		Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Education Infrastructure and Outcomes		1,036	-1,035	1	1	1	1
Client Commissioning - Transport		8,809		8,809	8,809	8,809	8,809
Education Partnership and Pupil Support		2,165	-500	1,665	1,405	995	795
Head Of Service and Legacy Pension Costs		2,218		2,218	2,218	2,218	2,218
Skills and Lifelong Learning		1,019	-879	140	140	140	140
Special Educational Needs and Disabilities		3,038		3,038	3,038	3,038	3,038
Pay Inflation		234		234	449	670	896
Total Cost of Service		18,519	-2,414	16,105	16,060	15,871	15,897
		Policy Proposals included above					
Policy Proposals							
Reduce pensions budget to match latest forecasts	Open	-140		-140			
To review use of School Improvement Grant to provide capacity to support maintained schools	Open		-60	-60			
Increase capacity in SEND service to meet continuing demands on the service	Fair	380		380			
Review the use of the Cheshire East Lifelong Learning Service grant to reduce the requirement of Council funding	Fair	-110		-110			
Establish an Education Psychologist traded service to enable a proactive early support and intervention offer	Open			0	-25	-75	
To reduce costs of School Liaison and Governance service with less use of external support	Fair	-10		-10			
Fund the Cygnet programme for cared for children from pupil premium	Fair		-15	-15			
Establish a traded service for non-statutory elements of Attendance Service	Open			0	-35	-35	
Review of Children and Families Transport Policies and Transport Management Fee savings will not be delivered	Green			0	-200	-300	-200
Pay Inflation	Open	1,000		1,000	215	221	226
Financial Impact of Policy Proposals		1,354	-75	1,279	-45	-189	26

PEOPLE - Prevention and Early Help

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22		2022/23	2023/24	2024/25	
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Children's Development and Partnerships		642		642	642	342	342
Preventative Services		7,515	-389	7,126	6,619	6,419	6,419
Youth Engagement Service		444	-23	421	421	421	421
Pay Inflation		90		90	276	466	661
Total Cost of Service		8,691	-412	8,279	7,958	7,648	7,843
		Policy Proposals included above					
Policy Proposals							
Increase income from hire of Children's Centres	Open		-10	-10			
Reduction in contribution to Cheshire Youth Justice Service	Fair	-45		-45			
Prevention and Early Help Service – Locality working and changes to the management structure of the Family Service	Open			0	-140		
Prevention and Early Help Service – Reduction in the cost of Prevention Services	Open			0		-200	
Reduced travel, supplies and services for Early Help services	Open	-58		-58			
Reduced capacity in Family Information Service	Fair	-50		-50			
Development and Partnerships Service	Fair			0		-300	
Move to Integrated Early Help Locality Service model	Fair			0	-167		
Reduce the numbers of Business Support staff	Open			0	-200		
Pay Inflation	Open	90		90	186	190	195
Financial Impact of Policy Proposals		-63	-10	-73	-321	-310	195

PEOPLE - Public Health

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Intelligence and Health Care		16,823		16,823	16,823	16,823	16,823
Health Improvement		225		225	225	225	225
Grant Income			-17,048	-17,048	-17,048	-17,048	-17,048
Total Cost of Service		17,048	-17,048	0	0	0	0
		Policy Proposals included above					
Policy Proposals							
Financial Impact of Policy Proposals		0	0	0	0	0	0

PLACE - Directorate Summary

REVENUE BUDGET

Budget including Policy Proposals						
Service Area	2021/22			2022/23	2023/24	2024/25
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate	1,469	-529	940	951	962	974
Environment and Neighbourhood Services	52,512	-10,613	41,899	43,373	44,603	45,991
Growth and Enterprise	31,223	-10,337	20,886	20,803	20,626	20,909
Highways and Infrastructure	23,090	-11,849	11,241	10,103	10,179	10,230
Total Cost of Service	108,294	-33,328	74,966	75,230	76,370	78,104
Policy Proposals included above						
Directorate	-37		-37	11	11	12
Environment and Neighbourhood Services	803	8	811	1,474	1,230	1,388
Growth and Enterprise	-18	575	557	-83	-177	283
Highways and Infrastructure	-487	-217	-704	-1,138	76	51
Financial Impact of Policy Proposals	261	366	627	264	1,140	1,734

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate		1,466	-529	937	937	937	937
Pay Inflation		3		3	14	25	37
Total Cost of Service		1,469	-529	940	951	962	974
		Policy Proposals included above					
Policy Proposals							
Constellation Partnership	Open	-40		-40			
Pay Inflation	Open	3		3	11	11	12
Financial Impact of Policy Proposals		-37	0	-37	11	11	12

PLACE - Environment and Neighbourhood Services

REVENUE BUDGET

		Budget including Policy Proposals					
Service Area	Aim Reference	2021/22			2022/23	2023/24	2024/25
		Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Development Management		3,758	-4,087	-329	171	171	171
Building Control & Planning Systems		1,847	-1,755	92	92	92	92
Director of Environmental & Neighbourhood Services		135		135	135	135	135
Spatial Planning		861		861	861	861	861
Neighbourhood Planning		226	-180	46	46	46	46
Environmental		34,827	-2,852	31,975	32,560	33,036	33,649
Regulatory Services		4,008	-1,372	2,636	2,542	2,542	2,542
Libraries		3,944	-305	3,639	3,639	3,639	3,639
Leisure Commissioning		1,763		1,763	1,471	1,430	1,390
Emergency Planning		213	-57	156	156	156	156
Head of Neighbourhood Services		545	-5	540	540	540	540
Pay Inflation		385		385	1,160	1,955	2,770
Total Cost of Service		52,512	-10,613	41,899	43,373	44,603	45,991

		Policy Proposals included above					
Policy Proposals							
Ansa income generation and efficiencies - Food Waste Recycling	Open	-259		-259			
Waste Contract Inflation and Tonnage Growth	Green	810		810	644	657	613
Review of governance of ASDVs and seeking increased opportunities for savings / commercial opportunities	Open	-160		-160	-100	-100	
Environment Strategy and Carbon Neutrality	Green	96		96	20	-81	
Regulatory Services and Environmental Health ICT	Open			0	-9		
Orbitas income and management fee	Open	24	8	32	21		
Everybody Sport and Recreation Annual Management Fee	Open	-43		-43	-42	-41	-40
Strategic Leisure Review	Open			0	-250		
Flexible Resourcing for Service Delivery for Regulatory Services	Open	-50		-50			
CCTV migration to wireless networks	Open			0	-85		
Tree Risk Management	Green			0	500		
Pay Inflation	Open	385		385	775	795	815
Financial Impact of Policy Proposals		803	8	811	1,474	1,230	1,388

PLACE - Growth and Enterprise

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Assets		2,051	-1,634	417	387	367	367
Facilities Management		14,758	-1,516	13,242	12,882	12,422	12,422
Farms		345	-708	-363	-363	-363	-363
Economic Development		1,662	-510	1,152	1,152	1,152	1,152
Housing		3,830	-883	2,947	2,947	2,947	2,947
Rural & Cultural Management		133		133	133	133	133
Tatton Park		4,869	-4,160	709	703	675	629
Public Rights of Way		713	-162	551	551	551	551
Cultural Economy		918		918	918	918	918
Countryside		1,001	-212	789	789	789	789
Visitor Economy		770	-552	218	198	188	168
Pay Inflation		173		173	506	847	1,196
Total Cost of Service		31,223	-10,337	20,886	20,803	20,626	20,909

		Policy Proposals included above					
Policy Proposals							
Tatton Park	Green			0	-6	-28	-46
Public Rights of Way Resources (Revenue implications of Capital)	Open	10		10			
Estates Transformation - Office Accommodation	Open	-44		-44	-100	-460	
Asset / Service Transfer	Green	-50		-50	-30	-20	
Housing Services	Green	-45		-45			
Development of a Transit Site (Revenue implications of Capital)	Green	27		27			
Transfer of Congleton Visitor Information Centre	Open	1		1	-20	-10	-20
Investment Income: Income Target Adjustment	Open		575	575			
Neighbourhood Estate Review	Open	-90		-90	-260		
Pay Inflation	Open	173		173	333	341	349
Financial Impact of Policy Proposals		-18	575	557	-83	-177	283

PLACE - Highways and Infrastructure

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Car Parking		1,797	-6,492	-4,695	-5,650	-5,650	-5,650
Transport Policy		577	-52	525	525	525	525
Transport Commissioning		4,363	-25	4,338	4,096	4,096	4,096
Highways		14,596	-4,208	10,388	10,368	10,364	10,333
HS2		720	-102	618	618	618	618
Infrastructure		1,004	-970	34	34	34	34
Pay Inflation		33		33	112	192	274
Total Cost of Service		23,090	-11,849	11,241	10,103	10,179	10,230
		Policy Proposals included above					
Community Transport	Green		-25	-25			
Review of governance of ASDVs and seeking increased opportunities for savings / commercial opportunities	Open	-155		-155	-125		
Parking Strategy (Revenue implications of Capital) - Subject to separate consultation	Green	-215	-112	-327	-955		
Urban Grass Cutting	Open	-100		-100			
Improving customer experience – Highways correspondence	Open	-50		-50	-50		
Commercialisation of the Highway Service Contract	Open		-80	-80			
Carbon Reduction - Replacement of existing illuminated signs and bollards with LED units	Green			0	30	-4	-31
Local Supported Buses - Subject to separate consultation	Green			0	-117		
Pay Inflation	Open	33		33	79	80	82
Financial Impact of Policy Proposals		-487	-217	-704	-1,138	76	51

CORPORATE - Directorate Summary

REVENUE BUDGET

Budget including Policy Proposals						
Service Area	2021/22			2022/23	2023/24	2024/25
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate	347	-2	345	33	-128	-88
Finance and Customer Services	59,583	-49,727	9,856	10,311	10,653	11,085
Governance and Compliance Services	13,590	-3,390	10,200	10,431	10,668	10,911
Transformation	39,115	-23,302	15,813	15,858	16,750	17,189
Total Cost of Service	112,635	-76,421	36,214	36,633	37,943	39,097

Policy Proposals included above						
Policy Proposals	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Directorate	-188		-188	-312	-161	40
Finance and Customer Services	-269	1,300	1,031	455	342	432
Governance and Compliance Services	229		229	231	237	243
Transformation	1,003	-100	903	45	892	439
Financial Impact of Policy Proposals	775	1,200	1,975	419	1,310	1,154

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Chief Executive		392		392	392	392	392
Executive Director of Corporate Services		143	-2	141	141	141	141
Corporate Efficiencies & Restructure Savings		-200		-200	-550	-550	-550
Shared Service Review				0		-200	-200
Pay Inflation		12		12	50	89	129
Total Cost of Service		347	-2	345	33	-128	-88
		Policy Proposals included above					
Efficiency savings and Restructures within Corporate	Open	-200		-200	-350		
Shared services review	Open			0		-200	
Pay Inflation	Open	12		12	38	39	40
Financial Impact of Policy Proposals		-188	0	-188	-312	-161	40

CORPORATE - Finance and Customer Services

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Finance		3,739	-1,027	2,712	2,712	2,712	2,712
Procurement		714	-194	520	520	520	520
Customer Services		6,774	-1,269	5,505	5,597	5,566	5,616
B4B Best For Business System Savings		-240		-240	-240	-240	-240
Housing Benefit Payments		48,455	-47,237	1,218	1,218	1,218	1,218
Pay Inflation		141		141	504	877	1,259
Total Cost of Service		59,583	-49,727	9,856	10,311	10,653	11,085
		Policy Proposals included above					
Policy Proposals							
Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	Open	-290		-290	225	50	50
Housing Benefit – Supported Accommodation	Open		1,300	1,300			
Brighter Futures Together Programme Customer	Open	-120		-120	-133	-81	
Pay Inflation	Open	141		141	363	373	382
Financial Impact of Policy Proposals		-269	1,300	1,031	455	342	432

CORPORATE - Governance and Compliance Services

REVENUE BUDGET

		Budget including Policy Proposals				
		2021/22		2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000
Governance and Democratic Services		5,893	-1,459	4,434	4,434	4,434
Legal Services		3,894	-706	3,188	3,188	3,188
Audit and Risk		3,548	-1,225	2,323	2,323	2,323
Director		146		146	146	146
Pay Inflation		109		109	340	820
Total Cost of Service		13,590	-3,390	10,200	10,431	10,911
		Policy Proposals included above				
Policy Proposals						
Local Election Costs	Open	150		150		
Member allowances and reduced mileage	Open	-30		-30		
Pay Inflation	Open	109		109	231	243
Financial Impact of Policy Proposals		229	0	229	231	243

CORPORATE - Transformation

REVENUE BUDGET

		Budget including Policy Proposals					
Service Area	Aim Reference	2021/22			2022/23	2023/24	2024/25
		Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Human Resources		3,416	-694	2,722	2,372	2,272	2,272
B4B Best For Business System Savings		-260		-260	-260	-260	-260
Business Change		3,639	-1,256	2,383	2,475	2,597	2,733
ICT - Strategy		30,565	-21,205	9,360	9,387	9,986	10,018
Transactional Services		1,389	-147	1,242	1,242	1,242	1,242
Mutually Agreed Resignation Scheme		116		116	116	116	116
Pay Review		34		34	53	60	60
Director of Transformation		129		129	129	129	129
Pay Inflation		87		87	344	608	879
Total Cost of Service		39,115	-23,302	15,813	15,858	16,750	17,189
		Policy Proposals included above					
Policy Proposals							
Census 2021	Open	-20		-20			
People Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	Open	60		60	63	66	19
Place Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	Open	11		11	11	11	11
Corporate Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	Open	2		2	2	2	2
Unified Communications (Revenue implications of Capital)	Open	251		251	283	296	
Infrastructure Investment Programme (Revenue implications of Capital)	Open	59		59	127	224	
Reduce central training budget	Open	-80		-80			
Review of corporate subscriptions	Open	-35		-35	-15		
Review Staff Terms and Conditions	Open	-50		-50	-350	-100	
Core Financial System	Open	764		764	-459		
Mitigation of reduction in the Dedicated Schools Grant	Open	150		150	107	122	136
Commercial Workstream	Open		-100	-100			
Performance Related Pay / M grade change	Open	-196		-196	19	7	
Pay Inflation	Open	87		87	257	264	271
Financial Impact of Policy Proposals		1,003	-100	903	45	892	439

Central Items

REVENUE BUDGET

		Budget including Policy Proposals					
		2021/22			2022/23	2023/24	2024/25
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Capital Financing		15,401	-1,401	14,000	19,000	20,000	21,000
Income from Use of Capital Receipts				0			
Past Service Pensions		1,717	-4,567	-2,850	-4,750	-3,250	-3,250
Transfer to/(from) Earmarked Reserves		2,022	-694	1,328	1,055	802	-1,274
Bad Debt Provision		200		200	200	200	200
Total Cost of Service		19,340	-6,662	12,678	15,505	17,752	16,676
		Policy Proposals included above					
Policy Proposals							
Minimum Revenue Provision	Open	2,000		2,000	4,000	1,000	1,000
Central Pension adjustment	Open		-4,567	-4,567	-1,900	1,500	
Bad Debt Provision	Open	200		200			
Capital Receipts Income	Open		1,000	1,000			
Use of Earmarked Reserves	Open	3,022		3,022	-873	-853	-2,576
Top up to General Reserves	Open			0	600	600	500
Capital Programme Review	Open	-1,000		-1,000	1,000		
Financial Impact of Policy Proposals		4,222	-3,567	655	2,827	2,247	-1,076

11. Capital Strategy

Executive Summary

- 11.1 This capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 11.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.
- 11.3 The strategy includes a programme of capital investment which is aimed at delivering sustainable and inclusive economic growth in the Borough and supporting the delivery of essential front-line services. The Capital Programme therefore includes:
- Investment in projects to enable the delivery of the aim to be a Carbon Neutral Council by 2025
 - Town centre redevelopment and regeneration projects
 - Investment in strategic infrastructure to improve walking, cycling and rail capacity in the Borough, and capacity on the road network to reduce congestion and improve air quality
 - Investment to enable the delivery of housing sites in the Borough which meet the needs of residents including affordable housing and housing for vulnerable and older people
 - Investment in assets to support key front-line services such as improvement to our leisure centres, expansion of our schools and planned investment to maintain the highway network
- 11.4 The arrival of HS2 services to the Borough provide a significant opportunity for regeneration and economic growth for these towns and the borough. The Council has been working alongside Government, Network Rail and regional partners including Cheshire & Warrington Local Enterprise Partnership and Transport for the North to develop proposals for a Crewe HS2 Hub Station.
- 11.5 The preferred concept scheme is expected to be presented to Cabinet in 2021 ahead of a future Full Council investment decision to finance the scheme through new prudential borrowing. This investment decision will be subject to prior key government decisions and funding commitments to secure the necessary funding and revenue streams to support the associated borrowing.

Five Principles

- 11.6 Five Principles underpin the Capital Strategy for Cheshire East Council:
1. Capital expenditure is priority based and is aligned with the Council's Corporate Plan priorities
 2. The financial implications of capital projects are aligned with the Medium-Term Financial Strategy
 3. Capital projects will be focused on delivering the best return on investment
 4. Decisions in relation to the programme will follow a clear framework
 5. There will be a corporate approach to generating and applying capital resources
- 11.7 The overarching aim of the Capital Strategy is to provide a framework within which the Council's capital investment plans will be delivered. The plans are driven by the Corporate Plan. All capital schemes therefore contribute to the achievement of the Council's aims and priorities.

Frank Jordan

Frank Jordan
Executive Director – Place

Comment from the Section 151 Officer

11.8 The Capital Strategy forms a key part of the Council's Medium-Term Financial Strategy (MTFS) alongside the Treasury Management and Investment Strategies. Each of these strategies will be reviewed each year and will support my opinion in determining the robustness of the Council's financial plans.

11.9 In particular the capital strategy:

- provides a framework for the management and monitoring of the capital programme
- creates the process for bidding for additional capital resources
- sets out the approach to funding capital expenditure
- takes account of the significant revenue implications associated with capital investment

11.10 The Strategy also sets out the Council's processes for:

- setting the financial parameters for capital expenditure in the medium term
- confirming the flexible use of capital receipts in the medium term
- the option appraisal of capital project proposals
- deciding on the prioritisation of capital projects
- monitoring and evaluating approved schemes

11.11 The Strategy also incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

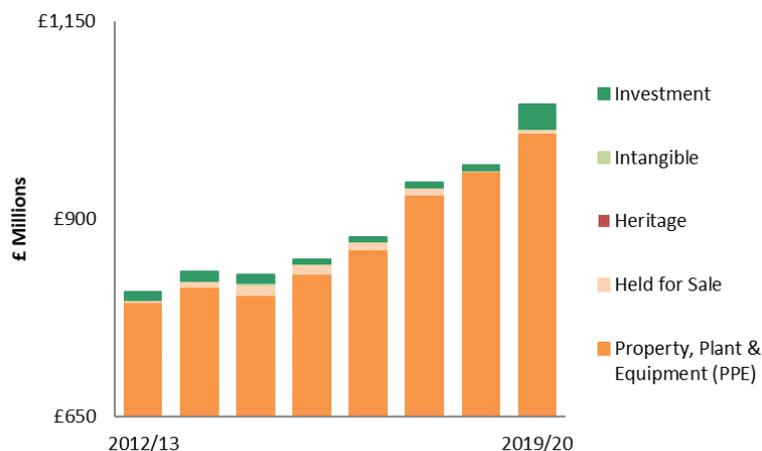
Director of Finance and Customer Services

(Section 151 Officer)

1. Introduction

11.12 As a public sector organisation, with assets valued to be in excess of £1billion, Cheshire East Council maintains a robust capital strategy that is clearly related to the corporate priorities; linked with infrastructure and asset planning; and includes a consistent approach to funding capital investment.

Property, Plant and Equipment is the most significant category of assets for the Council



11.13 The capital programme, which is developed in line with the Strategy, is the list of capital projects that the Council plans to undertake within a given timeframe.

11.14 The programme is approved in line with the Council’s Constitution and covers a minimum period of four years. It is reviewed annually by Council. The programme may include projects that require a longer time to develop and design and these will remain in the programme for many years.

11.15 The Chartered Institute of Public Finance and Accountancy (CIPFA) definition of capital expenditure is:

Definition of Capital Expenditure

“An expenditure on assets that will provide a benefit to the organisation beyond the current financial year including expenditure on purchase of new assets, creation of new assets and enhancing and/or extending the useful life of existing assets.”

A more detailed definition of capital expenditure, as it applies to UK local authorities, is contained in *Practitioners’ Guide to Capital Finance in Local Government* (CIPFA, 2019).

11.16 The accounting treatment of capital will be in accordance with International Accounting Standard 16 Property, Plant and Equipment.

11.17 Capital investment will be subject to due process, and assurance will be provided that ensures plans are prudent, affordable and sustainable in accordance with the Prudential Framework (the Prudential Framework being an umbrella term for a number of statutory provisions and professional requirements that allow authorities largely to determine their own plans).

11.18 Non-capital expenditure will normally fall outside the scope of the framework and be charged to revenue in the year that it occurs. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years’ revenues.

11.19 The capital strategy is the foundation of long-term planning of capital investment and how it is to be delivered. Robust processes are relied upon to ensure projects are evaluated and prioritised and approved to the programme along with the resources to fund it. This requires clear parameters to be set at the beginning of the process, clarity about the information that must be supplied with each project proposal and clear criteria, related to the organisation’s corporate objectives, for prioritising projects.

11.20 In determining how much capital investment to undertake, the Council will consider the long-term impact of borrowing and other forms of capital funding on their revenue budgets. The same principle applies to the use of leases, public–private partnerships and outsourcing arrangements to procure public assets.

11.21 Delivering the capital programme requires efficient programme management, project management and procurement, as well as appropriate systems for corporate monitoring, control and scrutiny.

Capital Strategy Principles

11.22 Five Principles underpin the Cheshire East Council Capital Strategy. The principles will be adhered to by members and employees of the Council and the Section 151 Officer will determine the framework for administering and monitoring the effective application of the principles.

The Five Principles of the Capital Strategy

1.	Capital expenditure is priority based and is aligned with the Council’s priorities.
2.	The financial implications of capital projects are aligned with the Medium-Term Financial Strategy and the Asset Management Plan.
3.	Capital projects will be focused on delivering the best return on investment. This will be demonstrated through: <ul style="list-style-type: none"> - infrastructure which will generate local economic growth - investment in new service delivery models that provide reductions in revenue expenditure - improvements in the Council’s asset base that generate a financial return or provide cost effective avoidance of future expenditure. - Capital Projects will be externally funded or supported by private sector investment in a way that maximises the Council’s financial interest in the asset - Borrowing will be appropriate based on the lifetime benefits of a scheme and all investments will be subject to strong control arrangements and risk analysis. - The impact of financing capital expenditure will be reviewed annually to ensure it remains appropriate in terms of the expected return on the overall investment. - Capital investment will follow an agreed set of prudential limits and indicators in order to demonstrate that plans and borrowing are affordable, prudent and sustainable.
4.	Decisions in relation to the programme will follow a clear framework with an appropriate gateway review and robust management of risk relating to capital projects.
5.	There will be a corporate approach to generating and applying capital resources.

11.23 These principles will be achieved through a process of prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

2. Prioritisation of Capital Expenditure

11.24 Capital Projects will be submitted for approval to the Council's Capital Programme based on how they will meet the needs of the Council as expressed in the Corporate Plan and how they adhere to the Principles of the Capital Strategy.

11.25 Capital ambitions in most Councils exceed the potential capital resources, particularly given recent funding cuts and demand pressures in the public sector. Cheshire East Council will manage this issue by making decisions, about which projects will be included in the approved capital programme, by prioritising projects on a variety of factors.

11.26 The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.

11.27 The Council agrees a rolling four year programme each year consistent with the Capital Strategy and the resources available. The proposed capital programme includes investment plans of £0.4bn. 59% of the funding is planned to come from Government grants or contributions from other external partners. In addition, 41% will come from the Council's work to maximise the value of asset sales to support development in the local area.

11.28 The budget process has also identified £437m of future projects which will require business cases to be developed prior to being submitted for approval to be added to the Capital Programme.

11.29 The starting point for the Capital Strategy is the Corporate Plan and identification of the aims for capital investment that will help to achieve the Council's key vision of being open, fair and green leading to the following strategic priorities:

1. An open and enabling organisation;
2. A Council which empowers and cares about people;
3. A thriving and sustainable place.

11.30 The capital programme includes investment in private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services; all of which contribute to achieving these priorities.

Carbon Action Plan

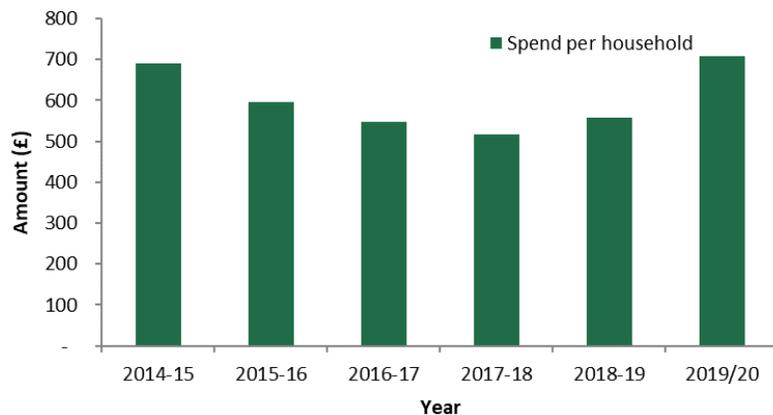
11.31 Cabinet approved its Environment Strategy and Carbon Action Plan in May 2020 which committed the Council to be Carbon Neutral by 2025.

11.32 The Carbon Action Plan sets out not only how the Council will reach its carbon neutral target, but also how it will encourage all businesses, residents and organisations to reduce emissions. Various actions include:

- Introduce carbon pricing or more rigorous carbon consideration into capital investment decisions;
- embed carbon reduction into the Asset Management strategy;
- ensure all new buildings are built to a much higher sustainable buildings standard;

- assess the suitability of retrofit options for each category of council influenced buildings, including leisure centres and schools for efficiency and ventilation measures;
- continue to progress district heating at Crewe Town Centre, Handforth Garden village – and Alderley park;
- plan and develop natural climate solutions such as tree planting and peatland management to sequester carbon on at least 100 ha of council owned land by 2025.

Capital spend per household



11.33 The key vision of the Council is outlined in the Corporate Plan and therefore capital investment must be prioritised and targeted to the projects that are key to achieving the strategic priorities of Open, Fair and Green.

11.34 The Council has adopted the Five Case Business Model, which was developed by HM Treasury and the Welsh Government specifically for public sector business case development. The business cases for major projects include

full option appraisal and links to core strategy to ensure they are delivering on key Council objectives.

11.35 The Five Case Business Model includes:

- Strategic Case (Contribution to the Corporate Plan)
- Economic Case
- Commercial Case
- Financial Case
- Management Case

Assessing all these areas within the business case will ensure that all aspects of a potential scheme are analysed and the impact on all stakeholders identified. Therefore, the Council will be able to gain a full understanding on how a specific scheme will impact on the overall strategy, the local economy, officers and resources of the Council.

11.36 The 'full' model is appropriate for major infrastructure projects but not for all proposals; equally, the 'light touch' version is insufficiently detailed for many of our key major change projects. We have therefore taken the 'best of both' to construct an iterative, scalable version that is not a 'one size fits all' but sufficiently flexible for our need. The Section 151 Officer will determine the level of training required by business case authors.

11.37 The Annexes to the Business Case will provide supporting information, including benefits realisation, risks, constraints and dependencies, contractual arrangements, costs and funding, governance arrangements and key milestones.

11.38 High Level Business Cases are submitted as part of the Business Planning process and the Section 151 Officer will analyse these in accordance with the 5 Principles of the Capital Strategy and then grade each project as High, Medium or Low Priority in accordance with the following table.

Priority	Description
High	<p>Essential replacement and enhancement of existing assets</p> <p>Investment in infrastructure that meets the strategic priorities of the Local Plan and attracts Government infrastructure investment</p> <p>An agreed service provision that is defined within the MTFs</p> <p>Projects required to meet compliance and legislative needs</p> <p>Fully funded by external sources</p> <p>Self-funding projects with high level financial returns</p>
Medium	<p>Cost effective replacement and enhancement of existing assets</p> <p>Projects with positive financial returns</p> <p>Part funded projects of strategic importance to Council priorities</p>
Low	<p>Unfunded projects without financial returns</p>

11.39 High Priority projects are most likely to be recommended for approval within the capital programme. Medium Priority projects will only be recommended if funding is available

within the financial parameters of the MTFs, however they are likely to be recommended for inclusion on the programme addendum (see para. 11.41). Low priority projects are unlikely to be recommended for approval, unless specific strategic importance is associated with the project, or public demand is significant.

11.40 **Annex A** provides the current Capital Programme for the Council with a clear indication of the priority status of each project.

11.41 The capital programme is presented in two separate parts; the main programme includes capital schemes in progress and new schemes with approval to commence spend in April 2021. The addendum includes proposals which are included for planning purposes but are awaiting more detailed business cases to be developed.

11.42 Before work can commence on schemes listed on the addendum, the business case will be required to provide significant certainty linked to:

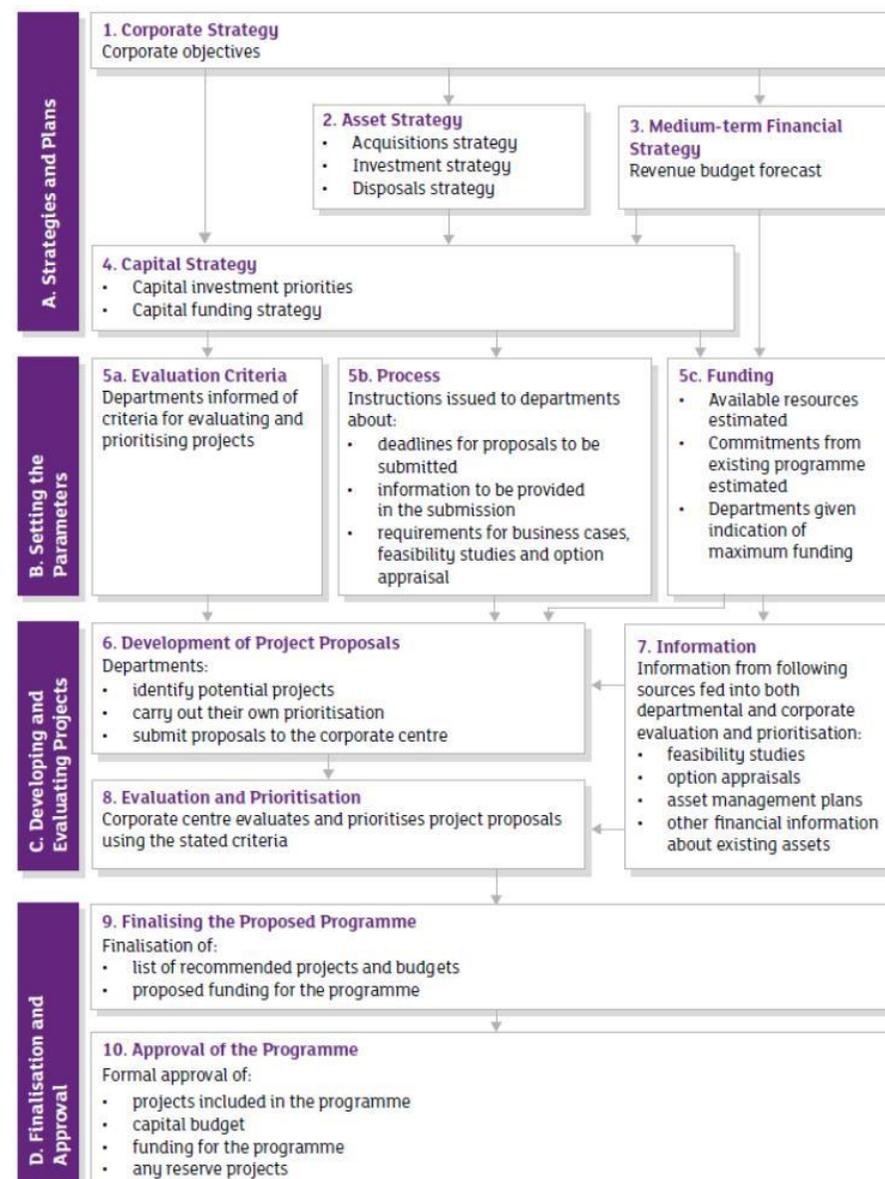
- Strategic impact of the scheme
- Expenditure profiles
- Funding sources or associated return on investment

11.43 The schemes separately identified on the Addendum to the capital programme are still submitted for approval; subject to them meeting the above requirements in the future. At the stage where the business cases are sufficiently robust and are deemed to be affordable the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these

schemes will be provided to Cabinet through the quarterly reporting process.

11.44 On 7th July 2020 Cabinet granted approval for the making of a compulsory purchase order to facilitate the delivery of the Middlewich Eastern Bypass. This scheme will deliver an improved highway network for Middlewich to relieve congestion in Middlewich town centre thereby supporting economic growth and housing delivery in the town and surrounding area.

11.45 Since the July 2020 approval officers have been focussed on refining the land and interests that are necessary to deliver the scheme in order to satisfy the requirement that there be a ‘compelling case in the public interest’ for land and interests to be acquired. Members will note that the scheme costs have increased since the approval given in July 2020 from £60.2m to £73.5m. The budget for this scheme is shown in both the approved programme and the addendum and will be updated when the scheme receives DfT approval of the final business case.



3. Financial Controls

Setting Financial Parameters

- 11.46 The Medium-Term Financial Strategy (MTFS) provides the overall basis for budget forecasts and annual budget planning both in terms of revenue and capital expenditure. This describes the activities to be carried out over the next four years to achieve the corporate priorities and objectives and the revenue and capital resources which will be needed to deliver those improvements.
- 11.47 As part of the revenue budget setting process, the estimated financing costs for the capital programme and for existing debt are calculated to update the Capital Financing budget (CFB). The flexible use of capital receipts will also be considered and these values set the parameters of affordability for projects within the Capital Programme.
- 11.48 The Section 151 Officer will invite bids for Capital Expenditure on an annual basis and present a full capital programme to Council at each Budget Council meeting prior to the start of each financial year. Bids will be presented as High-Level Business Cases by Executive Directors following consultation with elected members. The Section 151 Officer will determine the prioritisation of bids (see Section 2) and the financial implications on the MTFS to assess whether bids are affordable within the Financial Parameters of the Capital Strategy and will then report their findings to members for appropriate information and/or approval in line with the Financial Procedure Rules.
- 11.49 The Council's strategic management of the capital programme will allow new schemes to be added to the programme, and/or schemes to be transferred from the addendum to the main

programme. These will be reported to Cabinet on a quarterly basis through the Finance Update reports.

- 11.50 If the value of the CFB is likely to vary from the strategy in any year the Section 151 Officer will consider options to top-up or draw down temporarily from the Financing Earmarked Reserve and will report this approach to members.
- 11.51 Underspends on the CFB due to programme slippage will automatically be transferred to the Financing Reserve.
- 11.52 Current forecasts are that the CFB will continue at 4% to 7% of the Net Revenue budget in the medium term.
- 11.53 **Table 1**, provides the Financial Parameters for the period 2021/22 to 2024/25, followed by the strategy behind each element of the calculation.

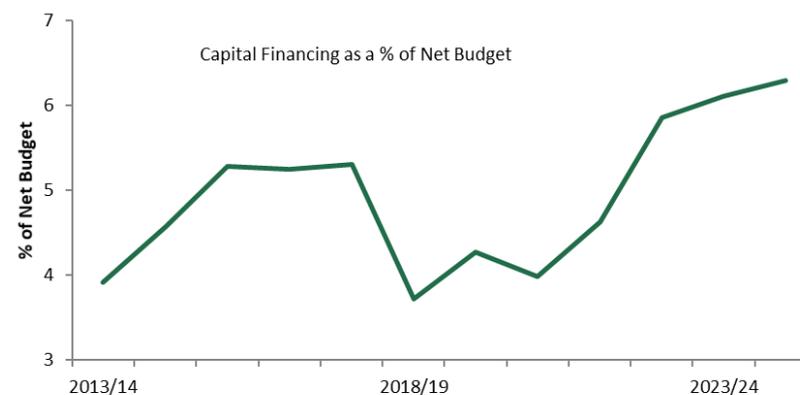
Table 1: Financial Parameters for 2021/22 to 2024/25

Parameter	Value (£m)			
	2021/22	2022/23	2023/24	2024/25
Repayment of Borrowing				
Minimum Revenue Provision*	13.5	16.8	19.0	20.2
External Loan Interest	4.9	4.8	4.7	4.7
Investment Income	(0.9)	(0.9)	(0.9)	(0.9)
Contributions from Services Revenue Budgets	(1.6)	(1.9)	(2.1)	(2.1)
Total Capital Financing Costs	15.9	18.8	20.7	21.9
Use of Financing EMR	(1.9)	(0.8)	(1.7)	(1.9)
Actual CFB in MTFS	14.0	18.0	19.0	20.0
*Capital Receipts targets	1.0	1.0	1.0	1.0
Flexible use of Capital Receipts	0.6	0.0	0.0	0.0

* Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

- 11.54 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision.
- 11.55 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision). This ensures that the revenue costs of repaying debt are spread over the life of the asset, similar to depreciation.



- 11.56 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in **Annex B**. This highlights the level to which the Council is internally

borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

11.57 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in **Annex 12** of this report.

11.58 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short-term interest rates are currently much lower than long-term rates this is likely to be more cost effective.

Investment Income

11.59 The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.

11.60 The Section 151 Officer, with advice from treasury management advisors, is responsible for considering the prudent level of available balances in any year and then assessing risk against potential financial returns to determine a level of income to be achieved from investments.

11.61 The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.

Contributions from Services

11.62 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme

alongside a clear indication of how the financial implications will be managed within the Medium-Term Financial Strategy.

11.63 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.

11.64 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to funding such costs must be approved as part of the business planning process before the scheme can commence.

11.65 The Council's strategy is to use revenue contributions to the Capital Programme to reduce the overall Capital Financing Budget.

Use of Financing Earmarked Reserve

11.66 To allow a longer-term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.

11.67 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the CFB within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also

recommend appropriate use of the Financing Earmarked Reserve over the period.

- 11.68 The Council's current strategy is to draw-down £6.3m from the Financing Earmarked Reserve for the period 2021/22 to 2024/25.

Capital Receipts from Asset Disposals

- 11.69 The Council has a substantial land and property estate, mainly for operational service requirements and administrative buildings.
- 11.70 Council Plans, such as the Local Plan, Local Transport Plan, Farms Strategy and Asset Management Plans, set the strategic framework for significant land and property asset disposals and acquisitions associated with these key areas. In each financial year the net impact of these plans will allow the Section 151 Officer, in consultation with the Executive Director for Place, to determine the net impact of disposals and acquisitions on the CFB.
- 11.71 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs, included within the new flexibilities provisions, as and when received.
- 11.72 The Council will continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas unless a suitable

business case is made available, but instead subject to any claw back provisions, to allocate resources in accordance with key aims and priorities. Capital receipts have been an important source of finance in previous financial years.

- 11.73 In considering the 2021/22 capital programme, a prudent approach has been taken and there has been no assumption of any significant additional capital receipts. A minimum amount of £1m additional capital receipts has been anticipated in 2021/22.
- 11.74 The Council's current strategy is to realise net receipts of £4m for the period 2021/22 to 2024/25 and that these receipts will reduce the overall Capital Financing Budget.

Flexible use of Capital Receipts

- 11.75 Following the 2015 Spending Review, in March 2016 MHCLG published statutory guidance on the flexible use of capital receipts for a three-year period covering 2016/17 to 2018/19. This guidance allows Local Authorities to use capital receipts to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners. As part of the 2018/19 Provisional Local Government Finance Settlement, the Secretary of State announced an extension of this flexibility for a further three years to 2022 and updated the previous direction accordingly.
- 11.76 Up to £0.6m of capital receipts may be utilised for the B4B programme to replace the core financial system in 2021/22.

Government Grants

- 11.77 Government capital grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.
- 11.78 Overall Government funding has reduced in recent years, but the Council still receives Government grants including:
- DfT Local Transport Plan
 - Local Growth Fund
 - Housing Infrastructure Fund
 - Disabled Facilities Grants
 - DfE Devolved Formula Capital; Schools Condition and Basic Needs Allocations
- 11.79 The Council's strategy is to ring-fence capital grants to the service that they are allocated to.

Developer Contributions

- 11.80 Developer contributions will be sought to ensure that the necessary physical, social, public realm, economic and green infrastructure is in place to deliver development. Contributions will be used to mitigate the adverse impacts of development and to help facilitate the infrastructure needed to support sustainable development.
- 11.81 Development proposals will be expected to provide a contribution to the cost of infrastructure including initial design,

capital costs and ongoing revenue such as the maintenance of services and facilities.

- 11.82 The Council's strategy is to forward fund anticipated Section 106 contributions for major infrastructure schemes.

Community Infrastructure Levy (CIL)

- 11.83 The Community Infrastructure Levy (CIL) is a planning charge on new development which became operational in Cheshire East on 1st March 2019. The Levy allows the Council to raise financial contributions from certain chargeable development in the Borough such as housing (except affordable housing, self-build housing and apartments) and retail development at the Crewe Grand Junction and Handforth Dean retail parks. The CIL regulations require Councils to spend the monies raised on the infrastructure needed to support the development of their area. The definition of infrastructure allows a broad range of facilities to be funded such as play areas, open spaces, parks and green spaces, cultural and sports facilities, as well as those relating to transport, health and education. CIL monies can be used in conjunction with S106 contributions and other monies to deliver infrastructure.
- 11.84 The Council passes on either 15% or 25% of its CIL receipts to the town or parish council where the CIL chargeable development has taken place, with the higher amount being paid to those Councils with a Neighbourhood Plan. The Council will use the MTFS process to allocate the remaining CIL receipts and this will be done within the general framework detailed below:
- Up to 5% of the receipts will go towards the costs of administering CIL and the rest will be used to deliver the Council's planned infrastructure priorities;

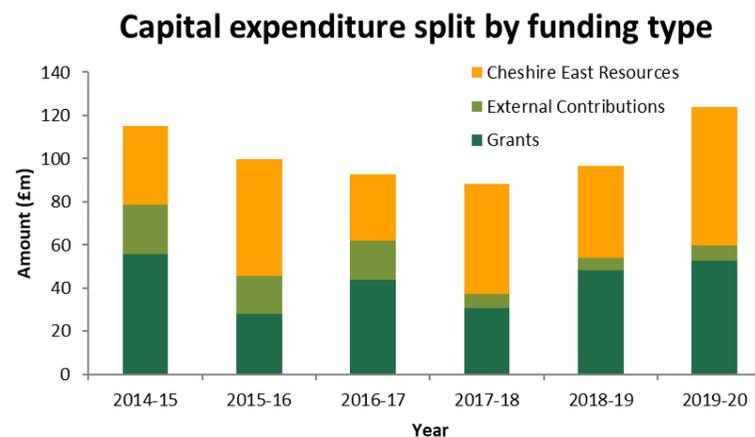
- The Council’s infrastructure priorities will be identified in its annual Infrastructure Funding Statement (IFS) which will be published on the Council’s website by the end of December each year. This will also contain details on the amount of CIL receipts received, spent and remaining unspent in the previous financial year;
- CIL monies will only be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of Cheshire East;
- The MTFs process requires a business case to be made for the funding of projects. Where CIL monies are being sought, the business case for the proposed infrastructure must identify how it will support the planned development of the area. This should include reference to how it relates to and meets the priorities identified in the current IFS, the Council’s Local Plan and the Infrastructure Delivery Plan;
- CIL spending decisions will be primarily based on achieving the delivery of published infrastructure priorities and the growth identified in the Local Plan. Other considerations will include the extent to which non CIL funding sources can be leveraged into the infrastructure project and assurance that the ongoing operational and maintenance costs of the project will be met over the life of the infrastructure; and
- The reasons and decisions made on all CIL funding bids considered through the MTFs process will be published to ensure transparency.

Funding Capital Expenditure

11.85 The inclusion of schemes within the Council’s capital budget is intrinsically linked with the way schemes can be financed. This

ensures that the affordability of the capital programme reflects the organisation’s long-term objectives rather than short-term expedience.

11.86 The Council’s strategy is to fund capital expenditure in the first instance from sources other than the Council’s Capital Financing Revenue Budget.



11.87 The Council has a good track record of producing business cases that are supported by government and then backed by subsequent grants and for aligning expenditure with local developments that are then backed by external developer contributions.

11.88 Main forecasted income sources are:

- Government Grants (£159m / 43%)
- Other external contributions (£60m / 16%)
- Receipts from Council Assets (£4m / 1%)

- Borrowing or Revenue Contributions (£148m / 40%)

11.89 Capital expenditure may be funded directly from revenue, but not vice-versa. Overall financial pressure on the Council makes returns on capital investment a key element of the overall financial stability of the Medium-Term Financial Strategy.

11.90 Capital budgeting differs from revenue budgeting because:

- the need for capital investment tends to fluctuate year on year to a much greater degree than the need for revenue spending
- there is usually significant discretion over how or when to make use of the capital funding that is potentially available, e.g. to determine the level of borrowing and the use made of capital receipts in a particular period
- there is usually significant discretion over when particular capital projects take place capital budgets, unlike revenue budgets, can usually be carried forward from one year to another
- many public sector organisations are able to fund capital expenditure from sources that they are not permitted to use to fund revenue expenditure, such as borrowing.

11.91 The Section 151 Officer will therefore use judgement, as part of the medium-term financial planning process, to determine how schemes can be accommodated within the overall programme, depending on the organisation's overall financial position and its capital investment priorities.

11.92 The Council will ensure every effort is made to provide value for money from capital expenditure, and to maximise the local benefits from capital projects the Council will always target

alternative funding sources before committing to contributions from the funding parameters set within the MTFs. All high-level business cases will therefore contain reference to benefits realisation.

11.93 All high-level business cases will include information on how alternative funding sources have been considered. All capital scheme budget managers will also provide regular updates on the status of all funding sources, as required by the Section 151 Officer. Funding sources will be categorised as either 'received', 'contractually committed' or 'in negotiation'.

Contingencies in the Capital Programme

11.94 In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (for example the cost of asbestos removal).

11.95 For this reason, the Council will develop a structured process of identifying and managing risk. In the initial stages of a project these are necessarily broad estimates due to the number of unknown factors. As projects progress the unknown factors will become clearer and project managers will focus on managing these in the most effective way possible, utilising contingencies to do so as needed.

11.96 The process for managing risk and identifying contingency budgets is currently more developed within the Place Directorate particularly for Highways & Infrastructure schemes. During 2021/22 this will be rolled out across the whole of the capital programme, with project managers receiving training and the use of standard templates. This will

ensure a consistent approach to adopting best practice industry standards across the Council.

- 11.97 The process of identifying risk will be two stage, firstly at the project development stage with further refinement at the contract award stage.
- 11.98 The monitoring of risk and the application of contingency budgets will form part of the quarterly monitoring process.

4. Investment & Risk Strategy

- 11.99 The Council is faced with diminishing capital finance and reduced access to grants and external funding. Spend will need to be monitored effectively against available funds. However, less dependence and more self-reliance will tend to reduce the exposure to risk.
- 11.100 A risk management framework in place and the core of this framework is set out in the Corporate Risk Management Strategy. Each directorate has its own operational risk register which integrates the relevant directorate Performance Strategy, improvement plans and budgets. In accordance with the HM Treasury Five Case model, a detailed Risk Assessment must be completed for each capital scheme.
- 11.101 Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked reserves provides protection for council taxpayers against year on year fluctuations in expenditure.
- 11.102 The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of this strategy. Effective procurement is therefore

essential, and the Council seeks to apply rigorous procurement standards in the selection of suppliers and contractors throughout the life of a project.

- 11.103 The Capital Programme should be kept under review having regard to the prevailing economic climate, property market and Government policy. Capital receipts estimates should therefore be kept under review with any significant changes reflected in reporting.
- 11.104 Cheshire East's strong taxbase and independence provides financial stability and offers some "local protection" from the impact of national economic fluctuations and total spending per head of population is below average when compared to neighbouring authorities. Given this national and local context, overall financial risk profile should continue to reduce.

5. Governance

- 11.105 It is important given the risks surrounding Capital Projects that the appropriate governance arrangements are in place:
- The Capital Strategy, including the overall Capital Programme to be presented annually as part of the Medium-Term Financial Strategy at full Council.
 - Updates to the capital programme will be reported to Cabinet on a quarterly basis.
 - All schemes are subject to approval in accordance with the Finance Procedure Rules.
 - A senior officer group exists known as the Assets Board which meets monthly and is chaired by the Executive Director for Place. The Board will play a key role in the development and implementation of the capital strategy

and review performance of the capital programme on a quarterly basis.

- The board provides the strategic oversight of the Council's land and property assets including recommendations and reports on acquisition, disposal, development and management strategies.
- The Assets Board delegates responsibility for the detailed tasks to a sub-group ~ Capital Programme Board. The board's membership includes project managers from each directorate supported by the enabling services

Capital Programme Board – Terms of Reference

- The detailed appraisal of projects, taking into consideration the Councils priorities and annual aims and objectives.
- To provide a forum for establishing and providing robust challenge of the business cases and debate around the capital programme.
- Undertake gateway reviews and risk management reviews of major capital projects.
- Undertake a detailed annual review of the capital programme.
- Review the capital programme on an ongoing basis and to ensure it is achieving the agreed outcomes.
- Receive post project completion reports to assess benefit realisation and lessons learnt.

11.106 The Capital Programme Board will assess all submissions for capital expenditure with the exception of schemes fully funded by external resources (e.g. specific grant, developer

contributions); these will be approved in accordance with Finance Procedure Rules (paragraph 2.45, Supplementary Capital Estimates and paragraphs 3.31 to 3.34, Capital Block Provisions).

11.107 The Capital Programme Board provides monthly updates and makes recommendations to the Assets Board who will refer decisions to the appropriate decision maker, whether this is an Officer under delegated responsibility, Cabinet or Council.

Knowledge and Skills

11.108 The Capital Strategy and Treasury Management and Investment Strategies are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

11.109 The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities. He is a professionally qualified accountant and follows an ongoing CPD programme.

11.110 The Senior Responsible Officers and Project Managers who manage a capital project receive training which provides up to date information on the CIPFA Code of Practice, the Prudential Code, principles of capital accounting including eligible capital expenditure, capital funding and the capital financing budget.

Background Papers

Cheshire East Reports –

- Statement of Accounts
- Medium Term Financial Strategy
- Quarterly Review of Finance Reports
- Financial Resilience - Value for Money
- Finance Procedure Rules

Arlingclose Ltd, Independent Treasury Management Advisors –

- Capital Strategy Template

Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (CIPFA, 2019)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2019)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2019)

Annex A: Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2021/22 - 2024/25

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
Committed Schemes - In Progress						
People	19,912	22,812	12,949	3,745	1,770	61,188
Place	361,543	111,098	70,025	23,403	25,166	591,235
Corporate	81,744	14,536	8,945	7,260	7,030	119,516
Total Committed Schemes - In Progress	463,199	148,447	91,918	34,408	33,966	771,938

CAPITAL PROGRAMME 2021/22 - 2024/25

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
New Schemes						
People	0	250	1,250	1,000	0	2,500
Place	0	22,577	13,122	12,147	12,147	59,993
Corporate	0	0	0	0	0	0
Total New Schemes	0	22,827	14,372	13,147	12,147	62,493
Total Capital Schemes	463,199	171,274	106,290	47,555	46,113	834,431

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2021/22 - 2024/25

Funding Requirement

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
Indicative Funding Analysis: (See note 1)						
Government Grants	230,464	74,634	45,901	24,360	13,917	389,276
External Contributions	28,351	23,122	15,357	3,860	18,056	88,746
Revenue Contributions	66	1,252	625	0	0	1,944
Capital Receipts	320	1,000	1,000	1,000	1,000	4,320
Prudential Borrowing (See note 2)	203,997	71,266	43,408	18,335	13,140	350,146
Total	463,199	171,274	106,290	47,555	46,113	834,431

Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next four years 2021-25 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2021/22 - 2024/25

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
Addendum						
People		2,940	14,225	19,375	19,000	55,540
Place		29,250	86,077	112,281	18,655	246,263
Corporate		33,866	35,518	35,083	30,800	135,267
Total Addendum		66,056	135,820	166,739	68,454	437,070

The addendum includes projects that have been added to the programme owing to their strategic importance to the Council. However detailed business cases are not yet in place as the precise details are not yet known. Work is currently being progressed for these projects, however they will only be commenced once a detailed business case has been completed and approved, the business case will also need to demonstrate the strategic impact of the scheme, an expenditure profile and funding sources or associated return on investment to enable the project to be delivered. At the stage where the business cases are sufficiently developed and they are deemed to be affordable the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these schemes will be provided to Cabinet through the quarterly reporting process.

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure					Total Budget £000	Forecast Funding				
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25		Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Borough Wide Schemes											
Electronic Call Monitoring System	10	379	0	0	0	389	0	0	379	0	0
Foster Carer Capacity Scheme	0	0	283	0	0	283	0	0	0	0	283
Devolved Formula Grant	6,269	537	390	385	370	7,951	1,682	0	0	0	0
Schools Condition Capital Grant	5,532	2,179	1,560	1,560	1,400	12,231	6,652	0	0	0	47
Special Provision Fund Capital Grant	193	830	0	0	0	1,023	815	0	0	0	14
SEN Placement Expn - Phase 2	100	1,835	0	0	0	1,935	0	0	0	0	1,835
Early Years Sufficiency Capital Fund	847	0	290	0	0	1,137	290	0	0	0	0
Crewe Area Schemes											
Adelaide Academy	30	317	0	0	0	347	300	0	0	0	17
Beechwood Nursery Expansion	101	600	0	0	0	701	600	0	0	0	0
Monks Copenhall SEN Expansion	0	100	0	0	0	100	0	0	0	0	100
Congleton Area Schemes											
Congleton Planning Area	813	787	2,400	0	0	4,000	3,102	85	0	0	0
Holmes Chapel Area Schemes											
Holmes Chapel Planning Area	50	1,950	0	0	0	2,000	1,950	0	0	0	0
Macclesfield Area Schemes											
Ash Grove Nursery Expansion	196	30	0	0	0	226	30	0	0	0	0
Expansion of Park Lane School	1,372	1,271	0	0	0	2,643	0	0	0	0	1,271
Macclesfield Planning Area - Secondary	500	2,950	0	0	0	3,450	2,950	0	0	0	0
Puss Bank SEN Expansion	472	52	0	0	0	524	0	0	0	0	52
Middlewich Area Schemes											
Middlewich Planning Area	0	750	750	0	0	1,500	1,500	0	0	0	0

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure					Total Budget £000	Forecast Funding				
	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000		Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000
Committed Schemes - In Progress											
Nantwich Area Schemes											
Nantwich Planning Area - Primary	0	800	900	1,800	0	3,500	2,901	599	0	0	0
Nantwich Planning Area - Secondary	200	250	250	0	0	700	500	0	0	0	0
Sandbach Area Schemes											
Elworth CoE Primary School	1,191	325	0	0	0	1,515	60	265	0	0	0
Sandbach High School - Basic Need	691	432	0	0	0	1,123	156	276	0	0	0
St Johns CoE Primary School	338	138	0	0	0	476	18	121	0	0	0
Wilmslow Area Schemes											
Wilmslow High School BN	1,007	6,300	4,725	0	0	12,032	10,677	300	0	0	48
Wilmslow Primary Planning Area	0	0	1,400	0	0	1,400	1,250	150	0	0	0
Total Committed Schemes - In Progress	19,912	22,812	12,949	3,745	1,770	61,188	35,433	1,796	379	0	3,668
New Schemes											
Crewe Area Schemes											
Shavington Planning Area - Secondary	0	250	1,250	1,000	0	2,500	2,500	0	0	0	0
Total New Schemes	0	250	1,250	1,000	0	2,500	2,500	0	0	0	0
Total Capital Schemes	19,912	23,062	14,199	4,745	1,770	63,688	37,933	1,796	379	0	3,668

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed Budget	Funding
	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25		
	£000	£000	£000	£000		
Addendum Schemes						
Borough Wide Schemes						
Childcare Sufficiency Capital Programme	234	0	0	0	234	TBC
Develop Supported Living and Social Care Services	450	5,875	5,875	0	12,200	TBC
Provision of Sufficient School Places - SEND	1,500	3,300	1,500	0	6,300	TBC
School Catering Service : Investment in essential kitchen infrastructure.	440	0	0	0	440	TBC
Crewe Area Schemes						
Shavington Planning Area - New Primary School	0	0	3,200	0	3,200	TBC
Congleton Area Schemes						
Congleton Planning Area - Primary	100	800	900	0	1,800	TBC
Congleton Planning Area - Secondary	0	1,000	0	0	1,000	TBC
Congleton Planning Area - New school	0	0	3,200	0	3,200	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25	Total Proposed Budget	Funding
	£000	£000	£000	£000	£000	
Addendum Schemes						
Handforth Area Schemes						
Handforth Planning Area - New Schools	0	0	0	15,000	15,000	TBC
Macclesfield Area Schemes						
Macclesfield Planning Area - New School	0	0	0	4,000	4,000	TBC
Macclesfield Planning Area - Secondary	450	2,400	1,200	0	4,050	TBC
Nantwich Area Schemes						
Nantwich Planning Area -Primary	0	0	200	0	200	TBC
Nantwich Planning Area - Secondary	0	0	3,300	0	3,300	TBC
Wilmslow Area Schemes						
Wilmslow Planning Area - New Primary School	0	850	0	0	850	TBC
Total Addendum Schemes	2,940	14,225	19,375	19,000	55,540	

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure					Forecast Funding					
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Total Budget	Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Borough Wide Schemes											
Air Quality Action Plan	328	44	0	0	0	372	44	0	0	0	0
Car Parking Improvements (including Residents Parking)	273	20	28	0	0	321	0	0	0	0	48
Connecting Cheshire 2020	1,207	4,810	1,234	0	0	7,250	5,646	0	0	0	398
Connecting Cheshire Phase 2	5,366	536	332	0	0	6,234	0	313	0	177	378
Connecting Cheshire	28,929	300	295	0	0	29,524	48	0	0	247	300
Corporate Landlord - Operational	999	18	5	0	0	1,022	0	0	0	0	23
Countryside Capital Projects	600	5	0	0	0	605	5	0	0	0	0
Environment S106 Schemes	1,684	151	0	0	0	1,835	0	151	0	0	0
Highway Pothole/Challenge Fund	8,171	200	0	0	0	8,371	200	0	0	0	0
Highways Contract Team Programme Delivery	272	145	0	0	0	417	145	0	0	0	0
Highway S106 Schemes	993	494	34	0	0	1,520	0	528	0	0	0
Highway S278 Schemes	2,168	647	104	0	0	2,919	0	751	0	0	0
Kerbside wheeled bins	1,817	50	50	50	0	1,967	0	0	0	0	150
Litter and Recycling Bins	58	50	50	50	0	208	0	0	0	0	150
Park Development Fund	511	115	0	0	0	626	0	0	0	0	115
Parking Meters	0	350	0	0	0	350	0	0	0	0	350
Part 1 Claims	36	38	38	0	0	112	76	0	0	0	0
Pay and Display Parking Meters	531	89	0	0	0	620	0	0	0	0	89
Programme Management	659	100	0	0	0	759	100	0	0	0	0
Public Rights of Way: Capital Structures Investments	62	37	0	0	0	99	0	0	0	0	37
Public Rights of Way Capital Works	788	10	0	0	0	798	10	0	0	0	0
Public Rights of Way: Flood Damage Capital Investment	93	29	0	0	0	122	0	0	0	0	29
Rural & Green S106 Schemes	74	21	22	0	0	117	0	43	0	0	0
Schools Capital Maintenance	3,468	135	0	0	0	3,603	135	0	0	0	0
Septic Tanks	317	319	0	0	0	636	0	0	0	0	319
Sustainable Travel Access Prog	1,445	1,679	0	0	0	3,124	1,132	309	0	0	238
Winter Service Facility	299	109	436	0	0	843	0	0	0	0	545

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure					Total Budget £000	Forecast Funding				
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25		Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Crewe Area Schemes											
A500 Dualling Scheme	8,503	825	0	0	0	9,328	825	0	0	0	0
Safer Roads Scheme A532	427	603	0	0	0	1,030	603	0	0	0	0
Archive Option Development	276	120	0	0	0	396	0	0	0	0	120
Crewe Green Link Road PH2	24,898	850	0	0	0	25,748	0	653	0	0	197
Crewe Green Roundabout	7,021	240	238	0	0	7,500	0	478	0	0	0
Crewe HS2 Hub Project Dev	7,078	5,622	0	0	0	12,700	0	0	0	0	5,622
Crewe Town Centre Regeneration	11,795	975	15,139	314	3,781	32,004	0	0	0	0	20,209
Hough Bridge	290	0	10	0	0	300	0	10	0	0	0
Jack Mills Way	280	20	0	0	0	300	0	20	0	0	0
Leighton Green	1,548	200	150	198	0	2,096	0	0	0	0	548
North-West Crewe Package	6,375	17,876	10,921	128	1,200	36,500	9,980	13,050	0	0	7,095
Sydney Road Bridge	10,249	0	252	0	0	10,501	50	202	0	0	0
Congleton Area Schemes											
Astbury Marsh Caravan Park	100	147	0	0	0	247	0	0	0	0	147
Congleton Link Road	69,289	4,654	2,111	3,383	11,005	90,443	0	20,255	0	0	899
Congleton Household Waste Recycling Centre Development	20	30	0	0	0	50	0	0	0	0	30
Congleton Leisure Centre	953	5,647	4,700	0	0	11,300	0	0	0	0	10,347
Safer Roads Scheme A536	450	1,777	83	0	0	2,310	1,860	0	0	0	0
Handforth Area Schemes											
A6 MARR CMM Handforth	460,328	140	200	0	0	800	258	48	0	0	34
A6MARR Design Checks & TA	333	140	0	0	0	473	72	68	0	0	0
North Cheshire Garden Village	5,470	3,732	10,500	10,025	0	29,727	21,700	0	0	0	2,557
PROW CMM A6 MARR	2	98	0	0	0	100	98	0	0	0	0
Macclesfield Area Schemes											
Flowerpot Phs 1 & pinch point	1,002	3,565	919	15	0	5,500	2,498	0	0	0	2,000
Macclesfield Movement Strategy	31	0	69	0	0	100	69	0	0	0	0
Macclesfield Town Centre	639	1,580	0	0	0	2,219	0	0	0	0	1,580
Pastures Wood Farm - Carbon Offet Scheme	17	8	0	0	0	25	0	0	8	0	0
South Macclesfield Development Area	3,011	3,534	10,395	7,873	0	24,814	10,000	0	0	0	11,802

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure					Total Budget £000	Forecast Funding					
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25		Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	
	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	
Committed Schemes - In Progress												
Middlewich Area Schemes												
A54/A533 Leadsmithy St, M'wich	129	335	99	0	0	563	0	434	0	0	0	0
Gypsy and Traveller Sites	1,170	2,096	0	0	0	3,266	550	0	0	45	1,501	0
Middlewich Eastern Bypass	12,955	12,563	0	0	0	25,518	0	12,563	0	0	0	0
Middlewich Rail Study	0	0	20	0	0	20	20	0	0	0	0	0
Nantwich Area Schemes												
A51/A500 Corridor Nantwich	237	13	0	0	0	250	0	0	0	0	13	0
Nantwich Pool Improvements	157	1,567	0	0	0	1,724	0	0	0	0	1,567	0
St Annes Car Park	173	5	0	0	0	178	0	0	0	0	5	0
Poynton Area Schemes												
Poynton Relief Road	17,163	17,326	6,638	349	9,180	50,657	12,037	6,200	0	1,000	14,257	0
Poynton Leisure Centre	419	3,500	687	0	0	4,606	0	0	0	0	4,187	0
A556 Knutsford to Bowdon	358	146	0	0	0	504	0	146	0	0	0	0
Rolling Programme												
Countryside Vehicles	518	101	0	0	0	619	0	0	0	0	101	0
Disabled Facilities	14,680	2,400	2,400	0	0	19,480	4,130	0	0	0	670	0
Farms Strategy	1,762	300	300	1,018	0	3,380	0	0	0	1,600	18	0
Home Repairs for Vulnerable People	100	300	200	0	0	600	0	0	0	0	500	0
Premises Capital (FM)	26,098	4,375	0	0	0	30,473	0	0	0	0	4,375	0
Other Schemes												
A6 MARR CMM - Disley	1,641	280	200	0	0	2,122	0	40	0	0	440	0
Alderley Edge By-Pass Scheme	60,255	356	0	0	0	60,611	0	0	0	0	356	0
Bereavement Service Data System	0	35	0	0	0	35	0	0	35	0	0	0
Planning & Building Control Replacement System	464	67	0	0	0	531	0	0	0	0	67	0
Old Mill Rd/ The Hill Junction	108	640	576	0	0	1,325	0	1,216	0	0	0	0
Roundabout London Rd Holmes Chapel (S106)	75	339	189	0	0	603	0	528	0	0	0	0
Tatton Park Investment Phase 2	1,414	1,470	401	0	0	3,285	0	0	0	0	1,871	0
Total Committed Schemes - In Progress	361,543	111,098	70,025	23,403	25,166	591,235	72,290	58,005	43	3,070	96,284	0

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure					Total Budget £000	Forecast Funding				
	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000		Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000
New Schemes											
Rolling Programme											
Integrated Transport Block - LTP	0	1,987	1,987	1,987	1,987	7,948	7,948	0	0	0	0
Maintenance Block - LTP	0	8,409	8,409	8,409	8,409	33,636	33,636	0	0	0	0
Incentive Fund - LTP	0	1,751	1,751	1,751	1,751	7,004	7,004	0	0	0	0
Managing and Maintaining Highways	0	6,000	0	0	0	6,000	0	0	0	0	6,000
Traffic Signs and Bollards - LED Replacement	0	625	625	0	0	1,250	0	0	1,250	0	0
Other Schemes											
Green Investment Scheme	0	3,600	350	0	0	3,950	0	0	0	0	3,950
Replacement CCTV Cameras	0	205	0	0	0	205	0	0	205	0	0
Total New Schemes	0	22,577	13,122	12,147	12,147	59,993	48,588	0	1,455	0	9,950
Total Capital Schemes	361,543	133,675	83,147	35,550	37,313	651,228	120,878	58,005	1,498	3,070	106,234

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed	Funding
	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget £000	
Addendum Schemes						
Borough Wide Schemes						
Everybody Sport & Leisure Investment , 5 Towns Programme	4,159	5,160	508	0	9,827	TBC
Housing Development Fund	940	0	0	0	940	TBC
Kerbside wheeled bins	0	0	0	50	50	TBC
Litter and Recycling Bins	0	0	0	50	50	TBC
Multi Site Solar PV Scheme	342	342	0	0	684	TBC
Public Rights of Way: Capital Structures	0	131	43	0	174	TBC
Public Right of Way Resources	68	35	35	0	138	TBC
Towns Centre Vitality Programme	109	0	0	0	109	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed Budget £000	Funding
	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000		
Addendum Schemes						
Crewe Area Schemes						
A5020 Weston Gate roundabout	50	1,000	1,450	0	2,500	TBC
A500 Dualling Scheme	6,146	28,806	21,813	2,608	59,373	Dft Grant £50.6m; S106 contributions £4.3m; CEC £4.5m
Car Parking Facility - Crewe	865	0	0	0	865	TBC
Crewe Surface Access Strategy	2,575	5,200	57,440	0	65,215	TBC
Crewe Town Centre Civic Heat Network	3,371	0	0	0	3,371	TBC
Demolition of Crewe Library (linked to New Archives Premises	1,200	0	0	0	1,200	TBC
Weston Cemetery Extension	0	983	2,500	2,500	5,983	TBC
	173	0	0	0	173	TBC
Congleton Area Schemes						
Congleton Link Road	0	389	0	0	389	TBC
Congleton Household Waste Recycling	2,000	2,000	0	0	4,000	TBC
North Congleton Acquisitions	1,951	0	0	0	1,951	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed	Funding
	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget £000	
Addendum Schemes						
Knutsford Area Schemes						
A537 Adams Hill junction imp	50	250	0	0	300	TBC
Brook St/Hollow Ln Junction	50	450	0	0	500	TBC
Tatton Park Investment	0	227	0	0	227	TBC
Nantwich Area Schemes						
A51 Shropshire Union Canal Embankment	0	3,500	0	0	3,500	TBC
A51/A500 Corridor Nantwich	80	0	0	0	80	TBC
Alvaston roundabout junction	50	500	1,050	0	1,600	TBC
Burford junction improvements	50	875	1,575	0	2,500	TBC
Peacock roundabout junction	0	163	587	0	750	TBC
Macclesfield Area Schemes						
Investment in Heritage Assets	94	0	0	0	94	TBC
Macclesfield Town Centre Regeneration	1,000	3,600	0	0	4,600	TBC
Premises Capital (West Park Museum)	0	900	0	0	900	TBC
Safer Roads Scheme A537	1,245	1,245	0	0	2,490	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed Budget £000	Funding
	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000		
Addendum Schemes						
Middlewich Area Schemes						
Clive Green Lane Upgrade	40	0	0	0	40	TBC
Middlewich Eastern Bypass	0	24,841	16,966	6,733	48,540	Dft Grant £39.9m; S106 contributions £1.8m; CEC £6.9m
Middlewich Southern Link OBC	1,875	625	0	0	2,500	TBC
Middlewich Southern Link Road	50	0	0	0	50	TBC
Rolling Programme						
Countryside Vehicles	352	304	264	264	1,184	TBC
Disabled Facilities Grant	0	0	2,500	2,500	5,000	TBC
Home Repairs for Vulnerable People	0	0	200	200	400	TBC
Premises Capital (FM)	0	3,500	3,500	3,500	10,500	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed Budget £000	Funding
	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000		
Addendum Schemes						
Other Schemes						
A34/A538 West junction	0	501	1,500	0	2,001	TBC
B5077/B5078 North Junction	0	300	100	0	400	TBC
Carbon Offset Investment	250	250	250	250	1,000	TBC
Electric Vehicle Car Pool Scheme	60	0	0	0	60	TBC
Rail Studies	55	0	0	0	55	TBC
Total Addendum Schemes	29,250	86,077	112,281	18,655	246,263	

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure					Total Budget £000	Forecast Funding				
	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000		Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000
Committed Schemes - In Progress											
Rolling Programme											
Care Act Phase 2	3,655	1,055	1,604	0	0	6,314	0	0	0	453	2,206
Core Financials	7,522	1,167	0	0	0	8,689	0	0	0	477	690
IADM (Information Assurance and Data Management)	13,465	1,500	0	0	0	14,965	0	0	0	0	1,500
Infrastructure Investment Programme (IIP)	27,073	1,777	0	0	0	28,850	0	0	0	0	1,777
Unified Communications Project	366	300	310	230	0	1,206	0	0	0	0	840
Vendor Management	487	519	0	0	0	1,006	0	0	0	0	519
Other Schemes											
Best4Business Programme	22,552	1,188	0	0	0	23,740	0	594	0	0	594
Strategic Capital Projects	6,624	7,030	7,031	7,030	7,030	34,745	0	0	0	0	28,121
Total Committed Schemes - In Progress	81,744	14,536	8,945	7,260	7,030	119,516	0	594	0	930	36,247
Total Capital Schemes	81,744	14,536	8,945	7,260	7,030	119,516	0	594	0	930	36,247

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25	Total Proposed Budget	Funding
	£000	£000	£000	£000	£000	
Addendum Schemes						
Transformation						
Core Financials	0	500	500	500	1,500	TBC
Corporate Contracts Renewals	233	43	74	61	411	TBC
Digital Strategy	2,773	1,219	583	239	4,814	TBC
Information Assurance and Data Management Phase 3	0	1,500	1,500	0	3,000	TBC
Infrastructure Investment Programme (IIP)	0	2,050	2,400	0	4,450	TBC
People ICT Systems Procurement	326	4	6	0	336	TBC
Place ICT System Procurement	534	202	20	0	756	TBC
Finance and Customer Services						
Strategic Commercial Activities	30,000	30,000	30,000	30,000	120,000	TBC
Total Addendum Schemes	33,866	35,518	35,083	30,800	135,267	

Annex B: Prudential Indicators revisions to: 2020/21 and 2021/22 – 2024/25

Background

11.111 There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities (the “CIPFA Prudential Code”) when setting and reviewing their Prudential Indicators.

Estimates of Capital Expenditure

11.112 In 2021/22, the Council is planning capital expenditure of £171.3m as summarised below:

Capital Expenditure	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Total	127.5	171.3	106.3	47.6	46.1

Source: Cheshire East Finance

Capital Financing

11.113 All capital expenditure must be financed either from external sources (Government grants and other contributions), the Council’s own resources (revenue reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of capital expenditure is as follows:

Capital Financing	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Capital receipts	1.0	1.0	1.0	1.0	1.0
Government Grants	64.5	74.6	45.9	24.4	13.9
External Contributions	6.9	23.1	15.4	3.9	18.1
Revenue Contributions	0.3	1.3	0.6	0.0	0.0
Total Financing	72.7	100.0	62.9	29.3	33.0
Prudential Borrowing	54.8	71.3	43.4	18.3	13.1
Total Funding	54.8	71.3	43.4	18.3	13.1
Total Financing and Funding	127.5	171.3	106.3	47.6	46.1

Source: Cheshire East Finance

Replacement of debt finance

11.114 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets may be used to replace debt finance. Planned MRP repayments are as follows:

Replacement of debt finance	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Total	11.0	13.5	16.8	19.0	20.2

Source: Cheshire East Finance

11.115 The Council’s full MRP Statement is available in **Annex C**.

Estimates of Capital Financing Requirement

11.116 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £58m during 2021/22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Capital Financing Requirement	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Total	412	470	490	484	463

Source: Cheshire East Finance

Asset disposals

11.117 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation project until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.8m of capital receipts in the coming financial years as follows.

Capital Receipts	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Asset Sales	1.0	1.0	1.0	1.0	1.0
Loans Repaid	0.2	0.2	0.2	0.2	0.2
Total	1.2	1.2	1.2	1.2	1.2

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

11.118 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.1%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 –1.7%).

11.119 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are show below, compared with the capital financing requirement.

Gross Debt and the Capital Financing Requirement	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Borrowing	130	78	77	77	77
Finance Leases	1	1	1	0	0
PFI Liabilities	21	20	19	18	17
Total Debt	152	99	97	95	94
Capital Financing Req.	412	470	489	484	463

11.120 Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. As can be seen from the above table, the Council expects to comply with this in the medium term.

Liability Benchmark

11.121 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year end. This benchmark is currently £228m and is forecast to rise to £312m over the next four years.

Borrowing and the Liability Benchmark	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Outstanding Debt	130	78	77	77	77
Liability Benchmark	228	298	327	328	312

Source: Cheshire East Finance

11.122 The table shows that the Council expects to remain borrowed below its liability benchmark.

Affordable borrowing limit

11.123 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m
Authorised Limit for Borrowing	425	490	510	500	480
Authorised Limit for Other Long-Term Liabilities	22	21	20	18	17
Authorised Limit for External Debt	447	511	530	518	497
Operational Boundary for Borrowing	415	480	500	490	470
Operational Boundary for Other Long-Term Liabilities	22	21	20	18	17
Operational Boundary for External Debt	437	501	520	508	487

Source: Cheshire East Finance

Investment Strategy

11.124 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

11.125 The Council's policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Short term	20	0	0	0	0
Long term	20	20	20	20	20
Total Investments	40	20	20	20	20

Source: Cheshire East Finance

- 11.126 Further details on treasury investments are in pages of the Treasury Management Strategy, **Annex 12**.
- 11.127 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.
- 11.128 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Annex 13**.

Revenue budget implications

- 11.129 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are

charged to revenue, offset by an investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from council tax, business rates and general Government grants.

Ratio of Financing Costs to Net Revenue Stream	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Financing Costs (£m)	12.0	14.0	18.0	19.0	20.0
Proportion of net revenue stream %	4.23	4.50	5.73	5.95	6.13

Source: Cheshire East Finance

- 11.130 Further details on the revenue implications of capital expenditure are on paragraphs 11.53 – 11.58 of the 2021-2025 Medium Term Financial Strategy (**Appendix C, Annex 11**).
- 11.131 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable. The longer-term revenue implications have been considered and built into the revenue budget forecasts post the period of the current Medium-Term Financial Strategy.

Annex C: Minimum Revenue Provision

11.132 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry for Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

11.133 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

11.134 The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the guidance.

- For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be charged at 2% annuity rate over a 50-year period.

- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, as the principal repayment on an annuity rate of 2%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

(Option 3 in England and Wales)

- For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

11.135 Capital expenditure incurred during 2021/22 will not be subject to an MRP charge until 2022/23.

12. Treasury Management Strategy

1. Background

- 12.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 12.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 12.3 In preparing this strategy the Council has had regard to the advice received from its appointed Treasury Management advisors, Arlingclose Ltd who have helped shape the content of this strategy. The current contract for advice expires 31st December 2021.
- 12.4 Investments held for service purposes or for commercial profit are considered in the Investment Strategy (see **Annex 13**).

2. External Context

- 12.5 **Economic background:** The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22.
- 12.6 The Bank of England (BoE) maintained Bank Rate at 0.10% in November and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.
- 12.7 UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In August, the headline 3-month average annual growth rate for wages were 0% for total pay and 0.8% for regular pay. In real terms, after

adjusting for inflation, total pay growth fell by -0.8% while regular pay was up 0.1%.

- 12.8 Gross Domestic Product (GDP) growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.
- 12.9 GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.
- 12.10 The US economy contracted at an annualised rate of 31.7% in Q2 2020 and then rebounded by 33.1% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.
- 12.11 Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.
- 12.12 **Credit outlook:** After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.
- 12.13 The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
- 12.14 Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, as does the UK not achieving a Brexit deal, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.
- 12.15 **Interest rate forecast:** The Authority's treasury management adviser, Arlingclose Ltd, is forecasting that Bank Base Rate will remain at 0.10% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react

to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose Ltd central forecast.

- 12.16 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 12.17 A more detailed economic and interest rate forecast provided by Arlingclose Ltd is attached at **Annex A**.
- 12.18 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 2.1%, which takes into account strategic fund investments, and that new borrowing in the form of short term loans will be borrowed at an average of 0.20%.

3. Local Context

- 12.19 As at 31st October 2020 the Authority currently has borrowings of £177m and treasury investments of £64m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in Table 1.

Table 1: Balance Sheet Summary and Forecast

	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
General Fund CFR	412	470	490	484	463
Less: Other long-term liabilities *	(22)	(21)	(20)	(18)	(17)
Loans CFR	390	449	470	466	446
Less: External borrowing **	(130)	(78)	(77)	(77)	(77)
Internal (over) borrowing	260	371	393	389	369
Less: Usable reserves	(102)	(96)	(90)	(87)	(85)
Less: Working capital	(80)	(75)	(73)	(71)	(69)
Treasury Investments (or New borrowing)	(78)	(200)	(230)	(231)	(215)

* leases and PFI liabilities that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing

12.20 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

12.21 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £84m over the forecast period.

12.22 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2021/22.

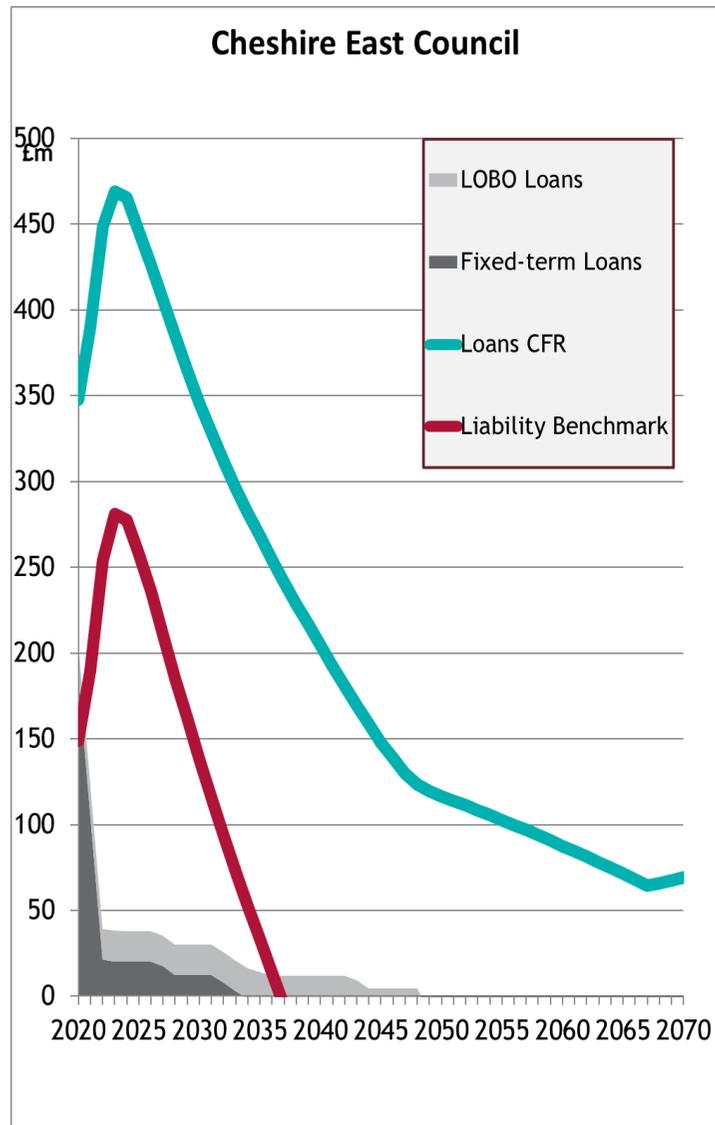
12.23 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

Table 2: Liability Benchmark

	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
Loans CFR	390	449	470	466	446
Less: Usable reserves	(102)	(96)	(90)	(87)	(85)
Less: Working capital	(80)	(75)	(73)	(71)	(69)
Plus: Minimum investments	20	20	20	20	20
Liability Benchmark	228	298	327	328	312

12.24 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in **Chart 1** below.

Chart 1: Liability Benchmark Chart



4. Borrowing Strategy

- 12.25 The Authority currently holds loans of £177m. PWLB debt has been reducing by £6m per year whilst cash flow shortfalls caused by internal borrowing and prepayment of the pension fund deficit is being funded through cheaper short-term borrowing. The Authority may also borrow additional sums to pre-fund future years' requirements providing this does not exceed the authorised limit for borrowing.
- 12.26 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 12.27 Given the significant cuts to public expenditure and in particular to Local Government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to use both internal resources and to borrow short-term loans instead.
- 12.28 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Our treasury advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output

may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

12.29 The Authority will consider sources other than PWLB when raising long term loans including banks, pension funds and Local Authorities and will investigate the possibility of issuing bonds and similar instruments in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

12.30 Alternatively, the Authority may arrange forward starting loans during 2021/22, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

12.31 In addition, the Authority may borrow further short-term loans to cover unexpected or planned temporary cash flow shortages.

12.32 The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB Lending facility (formerly the Public Works Loan Board)
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK

- UK public and private sector pension funds (except Cheshire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Salix Finance Ltd energy efficiency loans

12.33 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

12.34 **Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

12.35 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the

option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2021/22, and although the Authority understands that the lender is unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

- 12.36 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 12.37 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or reduction in risk.

5. Treasury Investment Strategy

- 12.38 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £20m and £100m with abnormally high levels as a result of COVID-19 related grants received prior to expenditure. Levels of around £40m are expected to be maintained in the forthcoming year.
- 12.39 The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 12.40 **Negative interest rates:** the COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 12.41 Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority increased its diversification into higher yielding asset classes by £20m

during 2020/21 with the remaining surplus cash invested for liquidity purposes in short-term unsecured bank deposits, money market funds and with other Local Authorities.

- 12.42 Under the new IFRS9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 12.43 The Authority may invest its surplus funds with any of the counterparties in table 3 below, subject to the cash limits (per counterparty) and time limits shown.

Table 3: Treasury Investment Counterparties and Limits

Sector	Time Limit	Counterparty Limit	Sector Limit
UK Government	50 years	Unlimited	n/a
Local Authorities and other Government Entities	55 years	£12m	Unlimited
Secured Investments*	£25 years	£12m	Unlimited
Banks (unsecured)*	13 months	£6m	Unlimited
Building Societies (unsecured)*	13 months	£6m	£12m
Registered Providers (unsecured)*	5 years	£6m	£25m
Money Market Funds*	n/a	£12m	Unlimited
Strategic Pooled Funds	n/a	£12m	£50m
Real Estate Investment Trusts	n/a	£12m	£25m
Other investments*	5 years	£6m	£12m

This table must be read in conjunction with the notes below.

- 12.44 * **Minimum Credit Rating:** Treasury Investments in sectors marked with an Asterix will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the

counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- 12.45 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years
- 12.46 **Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 12.47 **Banks and Building Societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

- 12.48 **Registered Providers (unsecured):** Loans to, and bonds issued or guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving Government support if needed.
- 12.49 **Money Market Funds:** Pooled funds that offer same day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risk, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 12.50 **Strategic Pooled Funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 12.51 **Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 12.52 **Other Investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- 12.53 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to the lowest practical levels per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 12.54 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and;
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

- 12.55 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 12.56 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential Government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management advisor. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 12.57 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will

cause investment returns to fall but will protect the principal sum invested.

- 12.58 **Investment Limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £102m on 31st March 2021. In order that no more than 6% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £6m. Secured investments will have a higher limit of £12m per organisation. A group of banks under the same ownership will be treated as a single organisation for limit purposes. The limits on fund managers, investments in brokers’ nominee accounts and Real Estate Investment Trusts (REIT’s) are higher as the investment is diversified over a greater range of counterparties within those funds. These funds are generally held to generate higher ongoing returns but with a long-term view on the value of the fund which may fluctuate significantly; e.g. REIT’s underlying value will reflect the property market movements in whichever sector or geographic region in which that REIT operates. For foreign countries and other sectors with a total limit, the individual organisation limits still apply. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional Investment Limits

Type of Counterparty	Cash Limit
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£12m per country

12.59 **Liquidity management:** The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

6. Treasury Management Indicators

12.60 The Authority measures and manages its exposures to treasury management risks using the following indicators.

12.61 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£582,500
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0

12.62 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The Council is expected to remain a net borrower in 2021/22 so a fall in rates would lead to savings rather than incurring additional cost.

12.63 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper	Lower
Under 12 months	70%	0%
12 months and within 24 months	35%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

12.64 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively high as there is no shortage of liquidity in the market and short-term funding is currently considerably cheaper than alternatives. This will enable the Council to finance temporary cashflow shortfalls at year end more economically. This will be kept under review as it does increase the risk of higher financing costs in the future.

12.65 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£25m	£15m	£10m

12.66 The Authority has not adopted the voluntary measures disclosures on security of investments or liquidity.

12.67 Security of investments can be measured by the credit rating assigned to the counterparty but for many of our investments (principally other Local Authorities and strategic

high yielding funds) there are no assigned credit ratings. Also, the credit rating assigned to Money Market Funds is typically AAA, but the underlying investments are considerably lower. Any measure adopted would therefore add little value.

12.68 Liquidity is a self-imposed measure generally on the minimum value of funds which the Council must keep as being immediately available in order to meet unexpected payments. Alternatively, a measure linked to borrowing may be considered. In practice the Councils cash varies throughout the year meaning that at certain times the focus of liquidity is on investments and at other times on borrowing. Setting a minimum amount to hold for liquidity purposes may mean that the Council has to borrow unnecessarily to cover short periods. For example, if a liquidity limit of £10m is set and cash is predicted to fall to say £4m for a few days we would have to borrow the additional £6m usually at a slightly higher cost than we receive for investment due to commissions payable. In the unlikely event that an unexpected payment would result in a need to borrow then availability of funds from inter LA markets is high, and borrowing would be limited to need. Cash flow forecasting is carried out daily thereby allowing any borrowing to be planned and limited to need.

7. Other Items

12.69 The CIPFA code requires the Authority to include the following in its treasury management strategy.

12.70 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce

costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

- 12.71 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 12.72 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 12.73 In line with the CIPFA code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

12.74 **External Funds:** The Authority acts as the accountable body for Cheshire & Warrington Local Enterprise Partnership and for the Evergreen Fund. The Council holds significant cash balances on their behalf prior to expenditure which is either invested short term or has reduced the need for external borrowing. The Authority shares the interest benefit based on the average rate achieved on the Councils in-house (non-strategic) investments.

12.75 **Markets In Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services including advisers, banks, brokers and fund managers, allowing it to access a greater range of services without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, this seems to be the most appropriate status.

8. Financial Implications

12.76 Anticipated investment income in 2021/22 is £840,000, based on an average investment portfolio of £40 million at an interest rate of 2.10%. The budget for debt interest paid in 2021/22 is £3.9 million, based on an average debt portfolio of £278 million at an average interest rate of 1.40%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Annex A: Economic and Interest Rate Forecast

Underlying assumptions:

- The medium term global economic outlook remains weak. Second waves of COVID-19 cases have prompted more restrictive measures and further lockdowns in Europe and the UK. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.
- The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise.
- Although these measures supported a sizeable economic recovery in Q3, the imposition of a second national lockdown in England during November will set growth back and likely lead to a fall in GDP in Q4.
- Signs of a slowing economic recovery were already evident in UK monthly GDP and PMI data, even before the latest restrictions. Despite some extension to fiscal support measures, unemployment is expected to rise when these eventually come to an end in mid-2021.
- This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets continue to price in a chance of negative Bank Rate.

- Longer term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the development of a vaccine or if the UK leaves the EU without a deal.

Forecast:

- Arlingclose Ltd expects bank Rate to remain at the current 0.10% level.
- Additional monetary loosening through increased financial asset purchases was delivered as we expected. Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain in the near term, as the government continues to react to the escalation in infection rates and the Brexit transition period comes to an end.

Treasury Advisor, Arlingclose Ltd, 3 Year Interest Rate Forecast

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
10yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
50yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30

Annex B: Existing Investment and Debt Portfolio Position

	23/10/2020 Actual Portfolio £m	23/10/2020 Average Rate £m
External Borrowing:		
PWLB - Fixed Rate	62	4.44%
Local Authorities	74	0.65%
LOBO Loans	17	4.63%
Other	1	-
Total External Borrowing	154	2.61%
Other Long-Term Liabilities:		
PFI	22	-
Finance Leases	1	-
Total Gross External Debt	177	-
Treasury Investments:		
<i>Managed in-house</i>		
Short-term investments		
Instant Access	38	0.04%
Notice Accounts	6	0.57%
<i>Managed externally</i>		
Multi Asset Fund	5	4.92%
Property Fund	8	3.61%
Equity Fund	2	6.04%
Global Income Fund	4	5.07%
Corporate Bond Fund	1	3.18%
Total Investments	64	1.47%
Net Debt	113	-

13. Investment Strategy

1. Purpose

- 13.1 The purpose of the Investment Strategy is to:
- set out the Council's approach to managing investment in 2021/22
 - establish financial limits for various classifications of investment
 - recognise the role and responsibilities of the Investment Strategy Board and its position as the main conduit through which investment opportunities should be recommended to Cabinet
- 13.2 The definition of an **investment** covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.
- 13.3 The Council has a Capital Strategy (prepared in line with the requirements of the Prudential Code); and a Treasury Management Strategy (prepared in line with the requirements of the Treasury Management Code) – relevant disclosures are made within each document.
- 13.4 Consequently, this Investment Strategy is part of a suite of related documents and focuses predominantly on matters not covered by the Capital Strategy and Treasury Management Strategy.

Statutory Background

- 13.5 On 2nd February 2018 the Ministry of Housing, Communities & Local Government (MHCLG) published updated statutory guidance on capital finance, in respect of Local Government investments and the minimum revenue provision. The MHCLG guidance may be found at: <https://assets.publishing.service.gov.uk/>
- 13.6 The guidance was issued to reflect concerns raised by MHCLG and Treasury Select Committees over changes in patterns of local authority behaviour. Some local authorities have invested in non-financial assets, with the primary aim of generating profit.
- 13.7 There is ongoing concern from MHCLG that local authorities being exposed to high levels of financial risk through borrowing and investment decisions could have a detrimental impact on services if investments do not perform as expected. The requirement to produce this annual Investment Strategy, to be approved by Full Council, is an attempt to recognise this and ensure that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.
- 13.8 More recently, in the November 2020 Autumn Statement the Chancellor of the Exchequer went further and has effectively prohibited the future purchase of commercial assets primarily for generating a yield. Careful attention will be needed to ensure that yield is an incidental, rather than the principal factor, in any future decision to acquire an investment asset.

- 13.9 Local authorities will be required to submit a capital financing and spending plan to Government covering a three-year period. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) will not advance any lending to the Authority. At this time there is no information on how and by what means a conclusion will be arrived at in terms of self-certification or external review.

Introduction

- 13.10 The Authority invests its money for three broad purposes:
1. because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 2. to support local public services by lending to or buying shares in other organisations (**service investments**), and
 3. to earn investment income (known as **commercial investments** where this is the main purpose).
- 13.11 Often there may be a crossover of purposes for investments within the Authority. Whilst a return may be a by-product of an investment this is rarely the overriding reason for making or retaining an investment. It will normally be linked to other long term strategic or regeneration factors.
- 13.12 This Investment Strategy meets the requirements of the statutory guidance issued by MHCLG in February 2018 and focuses on the second and third of the above categories.

2. Treasury Management Investments

- 13.13 The Authority typically receives its income, such as taxes and grants, before it pays for expenditure such as through payroll and invoices. It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, can lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £20m and £50m during the 2021/22 financial year.
- 13.14 The Constitution of the Authority delegates the power to manage and make Treasury Management Investments to the Section 151 Officer via the Treasury Management Strategy.
- 13.15 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 13.16 **Further details:** Full details of the Authority's policies and plans for 2021/22 for treasury management investments are covered in the Treasury Management Strategy (**Annex 12**).

3. Service Investments: Loans

- 13.17 **Contribution:** The Council lends money to other organisations to support local public services and stimulate economic growth. These are shown below in Table 1.
- 13.18 Interest bearing loans have been provided to Everybody Sport & Recreation for the purpose of investing in new equipment, with the aim of increasing the usage of leisure facilities and improving the health of residents. These are included within the Local Charities category.
- 13.19 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. In order to retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and interest free loan. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.
- 13.20 In addition, the Council has committed to investing £5m (and has lent £3.9m as at November 2020) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners in the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership and Alderley Park Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire & Warrington areas, which includes Alderley Park where the Fund is based.
- 13.21 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallize when funds are extracted.
- 13.22 The Council may consider making further Service Investment Loans in 2021/22, subject to business cases and where the balance of security, liquidity and yield have been considered as part of robust risk assessment.
- 13.23 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £'000

Category of borrower	31/03/20 Actual £000	31/03/21 Forecast £000	31/03/21 Forecast £000	31/03/21 Forecast £000	2021/22 £000
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	24	24	1	23	500
Local businesses	5,087	5,657	61	5,596	30,000
Local charities	601	567	42	525	2,500
TOTAL	5,712	6,248	104	6,144	35,000

13.24 Accounting standards require the Authority to set aside loss allowances for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's Statement of Accounts are shown net of this loss allowance. The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Rather, the allowance represents a prudent accounting treatment required by CIPFA guidance. The Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

13.25 The GM Life Science Fund is "revalued" annually based upon the net asset valuation of the Fund and this largely

accounts for the notional negative return of the loan category in 2019/20. The position has recovered during 2020/21.

13.26 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans. Each application for a loan requires completion of a business case. This is followed by a process of due diligence taking into account creditworthiness and financial standing and the Council's corporate objectives. External advisors are used where appropriate, dependent on materiality and scope of the loan arrangement. Each application is considered on a case by case basis.

13.27 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is also contracting party to loans provided to organisations from the Growing Places Fund. This £12m Fund was established with Government grants and is "owned" by the Local Enterprise Partnership; consequently, these investments are not made using Cheshire East's resources and are not reflected in the table above, as regards investments made, or affecting upper limits of lending.

4. Service Investments: Shares

- 13.28 **Contribution:** The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth.
- 13.29 As noted above, the Authority has invested in Alderley Park Holdings Limited in order to maintain and stimulate this key strategic industry of life sciences within the Borough. Cheshire East is a 10% shareholder in Alderley Park, and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (MSP; 39% shareholder).
- 13.30 This should be seen as a long-term strategic investment. Although the internal valuation of our stake has fallen (i.e. reduction in net asset value) in the last two years, due in large part to the general fall in value of property-based companies, the following observations should be noted.
- 13.31 The valuation is still greater than the purchase price and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place.
- 13.32 The reduction in value largely arises from accounting transactions/ re-valuations. A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake. As it is a long-term strategic asset there is ample time for the sector to recover.
- 13.33 The Council also has shares in its subsidiary, wholly owned companies. However, they are of nominal value, and

consequently whilst the turnover of the group of companies is significant (£61m in aggregate) the share values are not considered material in the context of this Investment Strategy.

- 13.34 As reflected in this strategy a key objective of future investments will be to generate a return to benefit the Council's Revenue Account. However, the Council may consider acquiring shares in companies if there is a compelling business case demonstrating strong potential for growth in capital value.
- 13.35 **Security:** One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £'000

Category of company	31/03/20 actual £000	31/03/21 forecast £000	31/03/21 forecast £000	31/03/21 forecast £000	2021/22 £000
	Value in accounts	Amounts invested	Gains or losses	Value in accounts	Approved Limit (at cost)
Local businesses	3,110	1,070	2,340	3,410	10,000
TOTAL	3,110	1,070	2,340	3,410	10,000

13.36 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and being part of the entities' governance arrangements, having a seat on the Board, and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

13.37 Investments in shares are approved via a detailed business case and due diligence that is approved by Cabinet.

13.38 **Liquidity:** With regard to the existing equity stake in Alderley Park, it was deemed to be a long-term investment, supporting a business and site development plan through to at least 2025. As described above, regular monitoring and receipt of updated business plans will help to inform

considerations with regards to the selling of shares; and it is important to note, as a minority shareholder in Alderley Park, that shares must first be offered to other shareholders in those private enterprises (and consequently the prospects for disposing of shares should be seen as good as evidenced by the sale of shares in Manchester Science Partnerships in 2019).

13.39 In the event of considering whether to make further Service Investments via shares, the Council will consider maximum investment periods on a case-by-case basis, taking into consideration the prospects for funds being accessible when required (e.g. to repay borrowing; or for other capital financing purposes) by making an assessment of liquidity, given the nature of the proposed investment (e.g. the type of organisation; the market in which it operates).

13.40 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Commercial Investments: Property

- 13.41 For the purpose of this paper it should be noted that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit. In order to comply with this the Authority includes several assets in Table 3 that might otherwise be excluded as they are not being held to primarily generate a yield or return.
- 13.42 Central government continues to express concern over the level of commercial investments held by local authorities and the risk that this presents to residents in the event that an authority becomes over exposed.
- 13.43 In the most recent spending review the Chancellor of the Exchequer started a process to prohibit the purchase of commercial assets primarily for generating a yield. Careful attention will need to ensure that yield is only an incidental factor in any future decision to invest in a commercial property investment.
- 13.44 As part of the related Government monitoring authorities will be required to submit a capital financing and spending plan covering a three-year period. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) will not advance any lending to the Authority.
- 13.45 **Contribution:** The Council invests in local commercial and residential property and land, for a number of reasons. The intention of making a profit that will be spent on local public

services is largely a by-product and is not the primary reason.

- 13.46 Historically, the most significant commercial investment acquired by the Authority is land and buildings on the North and East side of Weston Road in Crewe, purchased in April 2019. This accounts for 90% of the value in the accounts in this particular asset classification.
- 13.47 We have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple calculation of yield. The value of properties is updated annually, and it is possible that COVID-19 has impacted some valuations, but we will not have an assessment of this until the end of the financial year.

Table 3: Property held for investment purposes in £'000

Property	Actual	Actual 31/03/20	31/03/21	Forecast	2021/22
	Purchase cost £'000	Value in accounts (includes gains/ (losses) to date) £'000	Gains or (losses) £'000	Value in accounts £'000	Approval Limit £'000
Industrial Units	1,492	1,965	0	1,965	
Enterprise Centres	245	350	0	350	
Retail	23,300	24,870	0	24,870	
Residential	110	240	0	240	
Total	25,147	27,425	0	27,425	100,000

13.48 **Security:** In accordance with Government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

13.49 **Where value in accounts is at or above purchase cost:** A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2020/21 year end accounts preparation and audit process value these properties below their purchase cost, then an updated Investment Strategy will be presented to Full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

13.50 **Where value in accounts is below purchase cost:** The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and the Authority is therefore taking mitigating actions to protect the capital invested. These actions include annually reviewing the Commercial Properties portfolio; and where the fair value is below the original purchase price alternative actions are considered (e.g. changing the use of the asset to earn additional investment income; refurbishing the asset to make it more attractive to the market; or re-purposing the asset for use by the Council as an operational property where services to the public will be provided from). If no alternative service uses are considered viable it will be classed as surplus to requirements and steps will be taken to market the asset for sale to realise a capital receipt.

13.51 **Risk assessment:** The Authority assesses the risk of loss before acquiring and whilst holding property investments by:

- Before entering into any commercial property investment the Authority assesses the local market conditions, by establishing the supply and demand of the need for a certain type of commercial property investment, what competition currently exists locally, nationally and globally dependent on the type of activity that will take place in the asset (for example retail units, industrial units or residential properties). These decisions are made alongside the expertise, knowledge and market evidence collected from our Economic Development Service.
- The Authority also ensures that when setting rental income on the assets a cost of use and sensitivity analysis is completed, to future proof the running and

maintenance costs of the assets so that rents are set at a level where they are competitive in the local market but will also ensure that the income will provide that additional financial security.

- Whilst holding the commercial properties we continually review market prices, look out for changes in the market, and assess the competition.
- The Authority constantly monitors any changes in the political environments, locally, nationally and globally to assess any potential impact on the local rental markets.

13.52 Through the MTFs process of approving the Investment Strategy, the Approved Limit (in Table 3 above – for 2021/22 this is £100 million) is set by Council. Should any investments be identified then the Portfolio Holder for Finance, IT and Communication in conjunction with the Section 151 Officer can move funds within the Approved Limit into the main Capital Programme.

13.53 Currently, due to the nature of the transactions which can require the Authority to move in line with the market, the approval to acquire specific commercial property is delegated to the Executive Director of Place in conjunction with the Portfolio Holder for Environment and Regeneration.

13.54 This Investment Strategy acknowledges the role of the Investment Board as the body that should consider future investments and make recommendations to Cabinet for ultimate approval of individual investments. As the Authority moves to a Committee-based structure in 2021, consideration will be needed to determine how fresh

governance and decision-making processes on investments will be established.

13.55 The £100m limit has not been split across sectors so that individual investment opportunities can be considered on their merits. However, given that significant commercial retail property has been purchased more emphasis will need to be given towards the category of any future investment to ensure that the portfolio is diversified and not overly reliant upon a single sector.

13.56 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority constantly monitors the use of all assets and where there is a market for a particular asset or asset type will look into realising the capital receipt on those assets if it outweighs the long-term benefits of holding the asset for a potential rental stream.

6. Commercial Investments: Loans

13.57 **Contribution:** The Authority has worked alongside Cheshire West and Chester Council and Warrington Borough Council to each provide the Cheshire & Warrington Local Enterprise Partnership (LEP) with a £10m loan facility that will be used to invest in economic development schemes across the Enterprise Zones in the sub-region. The existing Strategic Capital Projects budget has been utilised for this purpose.

13.58 The first loans totalling £8m in respect of Alderley Park Glasshouse and Blocks 22-24 are due to be made in December 2020. The purpose is to stimulate economic development, and payback of the loans will be achieved from business rates retained by the LEP under Enterprise Zone regulations.

13.59 When considering making commercial investment loans, there will always be a Council policy-related objective (e.g. regeneration; economic development) in addition to the objective of financial benefit (yield) to the Council's Revenue Account (i.e. interest received) being greater than the costs to the Revenue Account (e.g. debt financing).

13.60 In considering commercial loan investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed

Category of borrower	2021/22 Approved Limit £000
Partner Organisations	20,000

13.61 **Risk assessment:** The Authority assesses the risk of loss before entering into commercial loans with a thorough due diligence process by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve

over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

13.62 Each application for a loan will require completion of a business case. Each loan application is considered on a case by case basis. For commercial loans, the intent is that they will be approved in line with those rules being developed in accordance with Section 10 below. Currently, the approval route will be based upon the source of the funding identified for the Loan.

7. Loan Commitments and Financial Guarantees

- 13.63 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is acting as Entrusted Entity to a £20m European Regional Development Fund (ERDF)-supported 'Evergreen' Development Fund, which has commenced and is in the process of making its first investment. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.
- 13.64 The Fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. As such the balances are not included in the investment tables above. The workings of the fund are subject to detailed scrutiny and are managed by a firm of experienced fund managers with a strong track record of providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

8. Proportionality

- 13.65 A major concern for external governing bodies is the extent to which Authorities are dependent upon investment income to fund services.

- 13.66 The Authority is only partially dependent on return-generating investment activity to achieve a balanced revenue budget, in respect of Place Services. Within the Authority the proportion is consistently below 2.5% and is deemed immaterial. Such is the low proportion that it represents, should it fail to achieve the expected net return, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

9. Borrowing in Advance of Need

- 13.67 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. This has been strengthened in recent Government announcements effectively prohibiting investing for yield. The Council currently follows this guidance and ensures that investments are made to meet the strategic needs of the Authority, its residents and local businesses.

10. Capacity, Skills and Culture

- 13.68 **Elected members and statutory officers:** Adequate steps are taken to ensure that those elected Members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to consider individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to

understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

13.69 The Authority has established an Investment Board comprised of Members, supported by Executive Officers and where necessary, external advisors, and acts on recommendations from officers that consider opportunities to enhance the Revenue & Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.

13.70 The Investment Board is not a formal decision making body and instead makes recommendations. There is an ongoing requirement to refer matters to Cabinet for decision, to ensure that approval of individual investment decisions is made in accordance with existing procedure rules.

13.71 The Board is made up of the following individuals:

- The Leader of the Council (Chair)
- Deputy Leader of the Council
- Portfolio Holder for Finance, IT & Communications
- Portfolio Holder for Environment & Regeneration

13.72 Support is provided by:

- Executive Director Place
- S151 Officer
- Monitoring Officer

13.73 The Authority continues to identify best practice from across the sector and will incorporate this into the evolving

Investment Strategy. The future governance arrangements for considering and approving investments are currently being reviewed and it is likely that further recommendations in this regard will come forward in the new financial year, as the Council moves to implement its new committee structure.

13.74 It is recognised that in order to support decision making there will be a need to engage external advisors from time to time. The Authority has appointed Arlingclose Ltd as treasury management advisors and receives specific advice on investment, debt and capital finance issues. Other consultants, such as property consultants, are engaged as required.

13.75 **Commercial deals:** Steps have been taken to ensure that those negotiating and reporting commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. A team of officers from Place, Finance, Legal, and Procurement are responsible for ensuring that the framework is followed. Where appropriate staff are provided with additional training and up to date skills via CIPFA and other providers.

13.76 **Corporate governance:** Corporate governance arrangements have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values and Constitution.

- 13.77 The MHCLG requirement to produce an Investment Strategy, approved annually by Full Council is a key component of the corporate governance framework.
- 13.78 The Investment Strategy is presented and approved annually as part of the Medium-Term Financial Strategy at Full Council. Updates to the Investment Programme will be reported to Cabinet on a quarterly basis.

11. Investment Indicators

- 13.79 The Authority has set the following quantitative indicators to allow elected Members and the public to assess the Authority's total risk exposure as a result of its investment decisions.
- 13.80 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 4: Total investment exposure in £'000

Total investment exposure	31/10/20 Actual	31/03/21 Forecast	31/03/22 Forecast
Treasury management investments	51,100	20,000	20,000
Service investments: Loans	6,037	6,248	6,114
Service investments: Shares	3,110	3,410	3,410
Commercial investments: Property	27,425	27,425	57,425
Commercial Investments: Loans	0	8,000	20,000
TOTAL INVESTMENTS	87,672	65,083	106,949
Commitments to lend	1,159	914	914
TOTAL EXPOSURE	88,831	65,997	107,863

13.81 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Currently the Authority's investments are mainly funded by usable reserves and income received in advance of expenditure with only a small amount funded by borrowing.

Table 5: Investments funded by borrowing in £'000

Investments funded by borrowing	31/03/20 Actual	31/03/21 Forecast	31/03/22 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	10,000
Service investments: Shares	0	0	0
Commercial investments: Property	20,950	20,950	25,000
Commercial Investments: Loans	0	8,000	20,000
TOTAL FUNDED BY BORROWING	20,950	28,950	55,000

13.82 **Rate of return received:** In part this indicator shows, for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the nature of the local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

13.83 The return for the Service Investments: Loans and Shares is not a true realised return but is instead the % fluctuation in the underlying value of the new assets within the Life Science Fund and Alderley Park Holdings Limited. As such they do not reflect actual cashflows.

13.84 The major assets included within Commercial Investments: Properties, representing over 90% of the value in that classification, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on 'bricks and mortar retail', the Council will only experience an impact on its Revenue Account if a tenant goes into liquidation or is subject to a (lower) rent review.

13.85 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both of these have thus far weathered the local economic effects of the COVID-19 pandemic though we might expect further reductions in asset value in this financial year.

13.86 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. The change in reported return from 2019/20 is due in part to fully accounting for revenue financing costs on the primary asset. This has reduced the net income figure used for the returns calculation, when compared to that previously reported. There are also some adjustments for rents factored in as a result of COVID-19. The hope is that these will be a one-off adjustment and returns will recover next year.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2019/20 Actual	2020/21 Forecast	2021/22 Forecast
Treasury management investments	2.12%	1.61%	2.10%
Service investments: Loans	-12.59%	11.67%	0.38%
Service investments: Shares	-26.25%	28.04%	0.00%
Commercial investments: Property	6.66%	2.80%	3.24%

12. Glossary of Terms

Investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments*, which are subject to separate regulatory regimes and therefore are not covered by this guidance.

A **credit rating agency** is one of the following three companies: Standard and Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd.

A **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

Specified Investments

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling
- The investment is not a long-term investment (the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option)
- The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended]*
- The investment is made with a body or in an investment scheme described as high quality; or with one of the following bodies:
 - i. The United Kingdom Government;
 - ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or
 - iii. A parish council or community council
- should define high credit quality (definition incorporates ratings provided by credit rating agencies)

The **Treasury Management Code** means the statutory code of practice issued by CIPFA: "*Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition*".

The **Prudential Code** means the statutory code of practice, issued by CIPFA: "*The Prudential Code for Capital Finance in Local Authorities, 2017 Edition*".

The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.

14. Reserves Strategy

Executive Summary

14.1 Cheshire East Council is maintaining adequate reserves for two main purposes:

1. To protect against risk, and;
2. To support investment

14.2 This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns. At present the risks associated with overall changes in Local Government funding, and the need to invest now to realise returns in the medium term, increase the need to hold reserves in the short term.

14.3 The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.

14.4 The Strategy is revised annually, in line with the process to determine the Council's Budget and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium term.

14.5 Cheshire East Council's Reserve Strategy was last approved at Council on 20th February 2020.

14.6 The quarterly review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2021-25 is being reported to Cabinet and Council in February 2021.

14.7 This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

14.8 Additional detailed analysis of trends within the Council's finances is provided in the Council's [Value for Money](#) publication demonstrating the sound financial position of the Council.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

Director of Finance and Customer Services

(Section 151 Officer)

1. Introduction

Types of Reserves

14.9 When reviewing medium term financial plans and preparing annual budgets the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

14.10 This represents the non-ring-fenced balance of Council funds. There are two main purposes of general reserves: firstly, to operate as a working balance to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and secondly to provide a contingency to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:

14.11 Increasing General Reserves

- Planned repayment as set out in the Medium-Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an operating surplus at the close of the financial year.

14.12 Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.

- Allocation of an operating deficit at the close of the financial year.

Earmarked Reserves (see Section 3)

14.13 These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves and this Strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

14.14 In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.

14.15 There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control

environment and systems of internal control, as required by professional standards.

- 14.16 Setting the level of general reserves is just one of several related decisions in the formulation of the Medium-Term Financial Strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority’s financial management arrangements.
- 14.17 **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.
- 14.18 These factors can only be assessed properly at a local level. A considerable degree of professional judgment is required. The Section 151 Officer may choose to express advice on the level of balances in cash and / or as a percentage of budget (to aid understanding), so long as that advice is tailored to the circumstances of the Authority for that particular year.
- 14.19 Advice will be set in the context of the Authority’s process to manage medium term financial stability and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium-Term Financial Strategy.

Table 1: Holding adequate reserves will depend on a number of key factors Budget Assumptions
<ul style="list-style-type: none"> • The treatment of inflation and interest rates • Estimates of the level and timing of capital receipts • The treatment of demand led pressures • The treatment of planned efficiency savings / productivity gains • The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments • The availability of other funds to deal with major contingencies and the adequacy of provisions
Financial Standing and management
<ul style="list-style-type: none"> • The overall financial standing of the Authority (including: level of borrowing, debt outstanding and council tax collection rates) • The Authority’s track record in budget and financial management including the robustness of the medium-term plans • The Authority’s capacity to manage in-year budget pressures • The strength of the financial information and reporting arrangements • The Authority’s virement and end of year procedures in relation to budget under / overspends at authority and service level • The adequacy of the Authority’s insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

14.20 The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.

2. General Fund Reserves (Revenue)

Purposes

14.21 The purpose of general reserves is to minimise the possible financial impacts to the Authority from:

- Emergencies
- In-year emerging financial issues
- Reacting to investment opportunities

14.22 The Finance Procedure Rules set the parameters for the use of general reserves.

14.23 The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance.

14.24 In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

14.25 The 2020/21 Budget anticipated that the Council would hold general reserves of £10.3m.

14.26 Following a review of the risk assessed minimum level requirement general reserves will remain at £10.3m.

14.27 At 1st April 2021, it is anticipated that the Council will hold general reserves of £10.3m, as calculated in **Table 2**.

Table 2	Estimated Balance 1 st April 2021 £m
Amount of General Fund Balance available for new expenditure	10.3
The impact of performance against the 2020/21 Revenue Budget	0.0
(Source: Third Quarter Review (FINANCE) 2020/21)	
	10.3

Estimated Movement in Reserves (2020/21 onwards)

14.28 **Table 3** summarises the current estimated movements in general reserves from 2021 to 2024.

14.29 The level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

14.30 During 2019 CIPFA published a financial management code designed to support the Local Government sector as it faces continued financial challenge, the Code recognises 'that using

the financial reserves to finance a deficit or to avoid difficult decisions around spending cuts provides temporary relief, but is *not sustainable in the long term.*'

14.31 This guidance from CIPFA follows the National Audit Office (NAO) report on financial sustainability in local authorities. This indicated that there is a heightened risk of more Council's over the coming years falling into special measures as a result of not reconciling the pressure on budgets.

14.32 The reserves position will continue to be monitored and reviewed during 2021/22 to ensure the risk assessed level of £10.3m remains adequate, with the strategy being to increase them over the next three years to £11.5m. This is due to a cumulative impact of the overall increase in the size of the budget and the ability to make accurate predictions for later years without indications from government of future settlements. General reserves of £10.3m as a proportion of net revenue expenditure is 3.3%.

Table 3: The level of reserves will be maintained in the medium term	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Estimated Balance @ 1 st April	10.3	10.3	10.3	10.9	11.5
Estimated Impact of Spending	0.0	0.0	0.0	0.0	0.0
Planned Contribution	0.0	0.0	0.6	0.6	0.0
Forecast General Reserves @ 31st March	10.3	10.3	10.9	11.5	11.5
Risk Assessed Minimum Level	10.3	10.3	10.9	11.5	11.5

Source: Cheshire East Finance

14.33 The level at which reserves are set for 2021/22, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow.

General Fund Reserves – Risk Assessment

14.34 The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate, Brexit, emerging Government policies (particularly in relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

- 14.35 The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.
- 14.36 Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on citizens.
- 14.37 Risks are categorised, and potential values are applied to them. This presents the potential exposure to financial risk. **Table 4** shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.
- 14.38 The Risk Assessment for 2021/22 provides for the Minimum Level to be set at £10.3m. This is considered a relatively prudent overall target for reserves at 3.3% of the net budget. This reflects the following potential negative financial issues facing the Council in the medium term:
- Further changes to the Local Government financial settlement may create funding deficits, and the medium-term strategy of the Council remains unbalanced in later years at present.
 - Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
 - Maintained schools are predicting significant deficit budget positions in their three-year forecasts as a result of staffing costs and special educational needs costs increasing at a faster rate than funding.
- 14.39 It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason, the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.75%).
- 14.40 Risks will be included and managed using the following basic principles:
- a. The risk may impact within the medium term.
 - b. Risks are potential one-off events.
 - c. The risk will have genuine financial consequences beyond insurance cover.
 - d. Mitigating actions will be in place to minimise the potential requirement for financial support.
 - e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.
 - f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.

Table 4: A robust level of reserves is guided by an assessment of potential risks							
Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	% Risk (a)	Value of Risk Area (b)	Value of risk retained (a x b)	Sub-Total	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	7.0%	£1,000,000	£70,000	£120,000	£100,000
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	25.0%	£200,000	£50,000		
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	10.0%	£1,000,000	£100,000	£410,000	£400,000
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	28.0%	£1,000,000	£280,000		
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	5.0%	£594,000	£30,000		
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	2.0%	£10,300,000	£206,000	£2,008,000	£2,000,000
	Savings proposals challenged by changing priorities.	Impact of 2020/21 outturn / robust remedial plans and monitoring of progress	0.1%	£301,900,000	£302,000		
	Forecast deficit budgets in maintained schools	In-Year emerging issues / Robust plans and monitoring of progress	10.0%	£7,200,000	£720,000		
	Higher than anticipated inflation arising in year	Increased inflation on contracts and services / contract management and robust remedial plans	1.0%	£50,000,000	£500,000		
	Potential decrease in Council Tax and Business Rates collection rate	Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures	0.1%	£280,000,000	£280,000		
Legal & IT costs	Legal challenges to Council service delivery / charges for services	Court costs and claims for financial settlement / clear processes and good workforce management	50.0%	£750,000	£375,000	£3,077,000	£3,000,000
			30.0%	£1,000,000	£300,000		
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	10.0%	£500,000	£50,000		
			1.6%	£147,000,000	£2,352,000		
Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning					
Strategic Reserve		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes Impact of EUExit on national and local economy	0.8%	£646,000,000	£4,845,000	£4,845,000	£4,800,000
OVERALL RISKS						£10,460,000	£10,300,000
% of Net Revenue Budget							3.3%

14.41 The outcome of this analysis has been to place an estimated total value on the range of risks that may arise, and which are not covered by insurance. This is equivalent in total to £10.3m.

14.42 It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2021/22 Revenue Budget. The key factors are:

- The capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely.
- Potential underachievement of cost reduction targets following consultation processes.
- Demand for services rising above estimated trends.
- Changes to Government settlements.

Adequacy of General Reserves

14.43 The Local Government Finance Act 1988 and 1992 and the Local Government Act 2003 emphasises the importance of sound and effective financial management in England and Wales by the statutory duty of the Section 151 Officer to report to the authority, at the time the budget is considered and the council tax set, on the robustness of the budget estimates and the adequacy of financial reserves.

14.44 CIPFA and the Local Authority Accounting Panel consider that local authorities should establish reserves including the level of those reserves based on the advice of their Section 151 Officer. There is no statutory or recommended minimum level of reserves as they are established by the Section 151 officer making judgements on such matters taking into account all the relevant known and expected local

circumstances. Imposing a statutory minimum would therefore be against the promotion of local autonomy and would conflict with the financial freedoms offered to local authorities.

14.45 The Secretary of State in England has reserve powers to specify in regulations a statutory minimum level of reserves that will be used if authorities fail to remedy deficiencies or run down reserves against the advice of the Section 151 Officer. The Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently and disregards the advice of its Section 151 Officer.

3. Earmarked Reserves (Revenue)

Purpose

- 14.46 The purpose of an earmarked reserve is:
- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
 - To set aside amounts for projects which extend beyond one year.
- 14.47 Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.
- 14.48 **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.
- 14.49 For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:
- the purpose of the reserve,
 - how and when the reserve can be used,
 - procedures for the reserve’s management and control,
 - a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
 - clear indication of payback periods and approach (if applicable).

Table 5: All earmarked reserves should have a clear rationale	
Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA – LAAP Bulletin 55, 2003

- 14.50 When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.
- 14.51 The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.
- 14.52 Earmarked Reserves will be:
- Set up by Full Council, on recommendation by the Section 151 Officer,
 - Supported by a business case,
 - Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
 - Be reviewed at least annually.
- 14.53 Services may also carry forward balances in accordance with Financial Procedure Rules.
- 14.54 Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget setting process to ensure that they are still appropriate, relevant and adequate for the intended purpose.
- 14.55 The 2020/21 position on earmarked reserves is reported in the Third Quarter Review (FINANCE) 2020/21 Report, as part of the 2nd February Cabinet Agenda.
- 14.56 All reserves will be subject to revised business cases to ensure that only the required levels are carried over into 2021/22.
- 14.57 At 1st April 2021, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £67.2m. It is estimated that balances will reduce by £45.4m by the end of 2021/22. **Table 6** (overleaf) shows the position on each earmarked reserve.
- 14.58 The opening balance of the Collection Fund reserve includes a S31 grant of £30m received from MHCLG to fund the Council's 49% share of the Extended Retail Relief as a result of COVID-19. This was received in 2020/21 and will be used to repay the resulting deficit in the business rates collection fund that is due to be paid back in 2021/22 as a result of the relief being granted.
- 14.59 The opening balances also includes COVID-19 grants in the region of £10m which are expected to be fully utilized in 2021/22.
- 14.60 The DSG Reserve continues to be in deficit. Current forecasts suggest the reserve will continue to be in deficit in the medium term and plans are being taken forward to reduce the spend pressures over that period. However, as funding levels do not reflect activity it is not clear when the reserve can be returned to surplus.

Table 6	Opening Balance	Movement in	Closing Balance	
Name of Reserve	1 st April 2021	2021/22	31 st March 2022	Notes
	£000	£000	£000	
People				
PFI Equalisation - Extra Care Housing	2,618	97	2,715	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Public Health	1,837	319	2,156	Ring-fenced underspend to be invested in areas to improve performance against key targets.
Public Health (DHSC ring-fenced Covid grant)	5,038	(4,862)	176	Ring-fenced against covid activities - DHSC funding for Test & Trace + Contain Outbreak Management Fund.
Other Useable reserves (<£500,000 in value)	50	(50)	0	Domestic Abuse Partnership.
Place				
Strategic Planning	478	(262)	216	To meet costs associated with the Local Plan.
Trees / Structures Risk Management	400	(400)	0	To respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Other Useable reserves (<£500,000 in value)	339	(189)	150	Includes Investment Sustainability and Investment Portfolio.
Corporate				
Financing Reserve	7,428	(2,900)	4,528	To provide for financing of capital schemes, other projects and initiatives.
Collection Fund Management	39,552	(27,368)	12,184	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Insurance (Cheshire East & Cheshire County Funds)	5,102	0	5,102	To settle insurance claims and manage excess costs.
MTFS Reserve	3,265	1,075	4,340	To support the financial strategy and risk management.
Brighter Future Transformation Programme	738	(117)	621	To fund four year transformation programme.
Other Useable reserves (<£500,000 in value)	659	99	758	Includes Elections, New Homes Bonus Community Fund and HR programme.
Central				
Covid (unringfenced)	5,129	(5,129)	0	Covid (Unringfenced) reserve carried forward into 2022/23
Revenue Grants - Other	2,140	(2,068)	72	Unspent specific use grant carried forward into 2022/23.
Revenue Grants - Dedicated Schools Grant	(7,577)	(3,592)	(11,169)	Overspend of grant carried forward into 2022/23.
TOTAL	67,196	(45,347)	21,849	

4. Capital Reserves

- 14.61 Capital receipts received in-year are fully applied to finance the capital programme. A small amount of capital receipts are held in reserve to cover future commitments where receipts are to be used flexibly to fund transformational projects.
- 14.62 Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

5. Reserves Strategy Conclusion

- 14.63 Overall, Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility to react to investment opportunities. This approach can be supported during the medium term based on recent performance against budget.
- 14.64 This recognises local issues and allows the Section 151 Officer to report favourably on the adequacy of reserves. The full report of the S.151 Officer is provided on Page 19 of the MTFS Full Report.
- 14.65 The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves' positions will continue to be reviewed throughout the financial year.

Background Papers

- 14.66 General Fund Reserves – Risk Assessment Working Papers 2021.
CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).
CIPFA Financial Management Code 2019
Cheshire East Statement of Accounts 2019/20

15. Financial Authorisation Limits

- 15.1 Financial control is achieved through the mechanism of the Financial Procedures Rules (Chapter 3, Part 4 of the Constitution) and the Financial Schemes of Delegation.
- 15.2 This Annex provides details of the financial authorisation limits for the year 2021/22 to be approved at Budget Council. The financial limits ensure decisions are made at the right level, are formally delegated and involve appropriate consultations with Senior Management, Statutory Officers and Members.
- 15.3 It is appropriate to review these limits on an annual basis to reflect the most up to date financial framework, following a review this annex confirms the current levels are appropriate for 2021/22.
- 15.4 These limits are in line with the approved Constitution and for 2021/22 apply for the net revenue budget of £311m and the capital budget of £171.3m.

Scheme of Virement

15.5 Approval limits for virements are as follows:

Revenue Virements

Virement Amount	Approval Level
Up to and including £100,000	Head of Service
In excess of £100,000 up to and including £500,000	Corporate Leadership Team (Relevant Executive Director)
In excess of £500,000 up to and including £1,000,000	Corporate Leadership Team (Relevant Executive Director) in consultation with Portfolio Holder for Finance, IT and Communication and relevant Portfolio Holder
Over £1,000,000 (where virement is within budget and policy framework)	Cabinet
Over £1,000,000 (where virement is outside budget and policy framework)	Council

Capital Virements

Virement Amount	Approval Level
Up to and including £100,000	Head of Service
In excess of £100,000 up to and including £500,000	Corporate Leadership Team (Relevant Executive Director)
In excess of £500,000 up to and including £1,000,000	Corporate Leadership Team (Relevant Executive Director) in consultation with Portfolio Holder for Finance, IT and Communication and relevant Portfolio Holder
In excess of £1,000,000 up to and including £5,000,000	Cabinet
Over £5,000,000	Council with recommendation from Cabinet

Supplementary Revenue Estimates

15.1 Approval limits for fully funded supplementary revenue estimates are as follows:

Supplementary Estimate Amount	Approval Level
Up to and including £100,000	Corporate Leadership Team (Relevant Executive Director)
In excess of £100,000 up to and including £250,000	Corporate Leadership Team (Relevant Executive Director) in consultation with the Portfolio Holder for Finance, IT and Communication
In excess of £250,000 up to and including £500,000	Portfolio Holders and (Relevant Executive Director) in consultation Portfolio Holder for Finance, IT and Communication
In excess of £500,000 up to and including £1,000,000	Cabinet
Over £1,000,000	Council with recommendation from Cabinet

15.2 Approval limits for supplementary revenue estimates which are to be funded from earmarked reserves or contingencies are as follows:

Supplementary Estimate Amount	Approval Level: From Earmarked Reserves	Approval Level: From Contingencies
Up to and including £250,000	Section 151 Officer	Section 151 Officer
In excess of £250,000 up to and including £500,000	Section 151 Officer in consultation with the Portfolio Holder for Finance, IT and Communication	Section 151 Officer
In excess of £500,000 up to and including £1,000,000	Cabinet	Section 151 Officer in consultation with the Portfolio Holder for Finance, IT and Communication
Over £1,000,000	Council with recommendation from Cabinet	Cabinet

Supplementary Capital Estimates

15.3 Approval limits for supplementary capital estimates are as follows:

Supplementary Estimate Amount	Approval Level
Up to and including £100,000	Corporate Leadership Team
In excess of £100,000 up to and including £250,000	Corporate Leadership Team in consultation with the Portfolio Holder for Finance, IT and Communication
In excess of £250,000 up to and including £500,000	Portfolio Holders and Corporate Leadership Team in consultation Portfolio Holder for Finance, IT and Communication
In excess of £500,000 up to and including £1,000,000	Cabinet
Over £1,000,000	Council with recommendation from Cabinet

Asset Disposal / Write-off

15.4 The Section 151 Officer may authorise the write off of losses up to £5,000, or disposals, of obsolete or surplus equipment, materials, vehicles or stores up to a disposal value of £5,000. Where the sum exceeds £5,000 but is less than or equal to £25,000 this should be done in consultation with the Portfolio Holder for Finance, IT and Communication. Where the value exceeds £25,000, approval must be sought from the Portfolio Holder for Finance, IT and Communication. Any write off which arises as a result of theft or fraud must be notified to the Head of Audit and Risk immediately.

Early Retirement / Severance

15.5 The Chief Executive or Executive Director (Corporate Services) must approve all requests up to £100,000 including pension strain. All requests in excess of £100,000 including pension strain must be approved by the Staffing Committee.

Grants and Donations

15.6 Grants, donations and contributions will be paid by the Council in accordance with the policies determined under paragraph 6.29 of the Financial Procedure Rules, subject to there being adequate provision in service budgets and the appropriate approvals being sought.

Approval level	Amount
Officers	Up to and including £50,000 (where grant is within approved grant policy)
Portfolio Holder	Between £50,000 and £100,000 (where grant is within approved grant policy)
Cabinet	All Grants of £100,000 or more. All grants which do not fall within existing approved grant policy require Cabinet approval.

Bad Debts

15.7 Bad Debts may be written off as follows:

Approval level	Amount
Section 151 Officer	Up to and including £5,000
Section 151 Officer in consultation with the Monitoring Officer	Over £5,000 and up to and including £10,000
Portfolio Holder in consultation with the Portfolio Holder for Finance, IT and Communication	Over £10,000

15.9 Heads of Service are responsible for ensuring that an adequate provision for bad debt is made in the Council's accounts at year end and that contributions to this provision are included in budgetary projections and outturn reports.

16. Abbreviations

This annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
ASC	Adult Social Care
ASDV	Alternative Service Delivery Vehicles – part of the Council’s commissioning approach to funding services
BCF	Better Care Fund
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1 st April 2013
CAG	Corporate Assurance Group
CDRP	Crime and Disorder Reduction Partnership
CEC	Cheshire East Council
CEFS	Cheshire East Family Support
CERF	Cheshire East Residents First
CFB	Capital Financing Budget
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CSC	Children's Social Care
CTS	Council Tax Support
DfE	Department for Education
DSG	Dedicated Schools Grant – grant received from Government to fund schools
EqIA	Equality Impact Assessment
EIP	Early Intervention and Prevention
ERP	Enterprise Resource Platform
ESG	Education Support Grant
FQR	First Quarter Review (not produced for 2020/21)

Term	Meaning
FTE	Full Time Equivalent
GP	General Practitioner
GVA	Gross Value Added
HLBC	High Level Business Case
HM	Her Majesty's
HR	Human Resources – one of the Council's corporate service areas
ICT	Information and Communication Technology – the service responsible for computers, networks, software, phones, etc.
LA	Local Authority
LED	Light Emitting Diode
LGA	Local Government Association
LOBO	Lenders Option Borrows Option
LSCB	Local Safeguarding Children's Board
MARS	Mutually Agreed Resignation Scheme
MHCLG	Ministry of Housing, Communities and Local Government (formerly Department for Communities and Local Government – DCLG)
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
MYR	Mid-Year Review
NEETs	Not in Education, Employment or Training
NFF	National Funding Formula
NHB	New Homes Bonus Grant
NHS	National Health Service
NJC	National Joint Council
NNDR	National Non-Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by central Government
PHE	Public Health England
PiP	Partners in Practice
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works
RPI	Retail Price Index
RSG	Revenue Support Grant

Term	Meaning
S151	Section 151 (Officer)
SAGC	Skills and Growth Company
SBRR	Small Business Rate Relief
SCIES	Safeguarding Children in Education Settings
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SLA	Service Level Agreement
SLE	Separate Legal Entity – a delivery model for delivering services in a different way
SOS	Signs of Safety
SSB	Supporting Small Business
TC	Town Centre
TQR	Third Quarter Review
TUPE	Transfer of Undertakings (Protection of Employment) regulations
VIC	Visitor Information Centres

17. Forecasts (February 2020)

Forecasts presented to the Council in February 2020 reported the potential budget position in the medium term.

Proposals in the Pre-Budget Consultation focused on ensuring that increased growth projections were fully reflected.

Summary position for 2020/21 to 2023/24	Budget Book 2019/20 (revised at Third Quarter Review) £m	Estimated Net Budget 2020/21 £m	Estimated Net Budget 2021/22 £m	Estimated Net Budget 2022/23 £m	Estimated Net Budget 2023/24 £m
Outcome 1 - Our Local Communities are strong and supportive	10.6	10.9	11.1	11.4	11.6
Outcome 2 - Cheshire East has a strong and resilient economy	5.9	5.6	5.7	5.8	5.9
Outcome 3 - People have the life skills and education they need in order to thrive	9.7	10.4	10.3	10.7	11.0
Outcome 4 - Cheshire East is a green and sustainable place	35.5	36.2	35.6	36.7	37.4
Outcome 5 - People live well and for longer	170.5	181.1	187.7	194.2	200.9
Outcome 6 - A responsible, effective and efficient organisation	40.5	44.7	46.0	47.6	49.3
Total Outcomes	272.7	288.9	296.4	306.4	316.1
<i>CENTRAL BUDGETS:</i>					
Capital Financing	12.0	12.0	14.0	14.0	14.0
Past Pensions Adjustment	0.2	1.8	1.8	1.8	1.8
Income from Capital Receipts	-2.0	-1.0	0.0	0.0	0.0
New Homes Bonus Community Fund	1.0	0.0	1.0	0.0	0.0
Use of (-)/Contribution to (+) Earmarked Reserve	-2.9	-0.7	-0.3	-0.1	-0.1
Total Central Budgets	8.3	12.1	16.5	15.7	15.7
Additional changes to balance future years		0.0	0.0	-12.2	-18.3
TOTAL: SERVICE + CENTRAL BUDGETS	281.0	301.0	312.9	309.9	313.5
<i>FUNDED BY:</i>					
Council Tax	-216.2	-229.5	-236.4	-243.5	-250.7
Business Rate Retention Scheme	-48.0	-49.8	-49.1	-49.1	-49.1
Specific Grants	-14.7	-21.6	-15.2	-11.2	-9.2
Sourced from Collection Fund	-2.1	-0.1	0.0	0.0	0.0
TOTAL: FUNDED BY	-281.0	-301.0	-300.7	-303.8	-309.0
Estimated Funding Deficit	0.0	0.0	12.2	6.1	4.5

18. Feedback

We want you to be involved in decision making in Cheshire East.

To register to be involved in consultations undertaken by Cheshire East Council, you can do so by joining the Digital Influence Panel.

Please use CTRL and Click on the light bulb to join or scan the QR code.

If you would like to view the results of previous consultations undertaken by Cheshire East Council, please click [here](#).



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A summary of responses to Cheshire East Council's

Budget Engagement 2021 – 2025



Executive summary

Overall views on the budget

45% of respondents agreed the council spends money wisely, 32% disagreed.

Respondents were split on how next year's budget shortfall should be made up:

- 43% felt it should be made up through further money saving proposals.
- 38% felt though higher increases in council tax.
- 19% felt through increased prices for services.

Key feedback received

The key themes that respondents fed back on during the engagement included:

Open – Investment and savings proposals

Financial sustainability, Pay awards – Respondents were generally against incremental pay increases for staff, particularly those staff earning high wages, especially during the current crisis. They felt staff pay should be frozen.

Fair – Investment and savings proposals

Reduce Reliance, Complex & Care Provider – There was opposition to the freezing of fees from providers, see emails 4 & 5 in Appendix 1.

Reduce Reliance, PFI Subsidy – Respondents felt the PFI subsidy needs reducing, and that it was wrong to provide this subsidy whilst other services were being cut.

Best Start, Development and Partnership Service – There was opposition to the 50% cuts proposed for this service.

Green – Investment and savings proposals

Great Place, Gypsy / Traveller transit site – Respondents questioned this investment.

Environment, House building – Planning and development is another topic which respondents have strong opinion on, there were complaints made here about the amount of development the council is approving.

Environment, Carbon Neutral Planning – Respondents felt the 2025 Carbon Neutral target date was too soon, that the council would not be able to achieve this, and that spending on this should be limited until the current crisis is dealt with.

Transport, Car parking – There was opposition to the harmonisation of car parking charges across the borough.

Transport, Local bus services – There was opposition to further cuts to bus services in the borough.

General feedback

The Green Agenda – This is a very popular current issue, and one which divides opinion somewhat. Whilst some feel the council must do much more, and spend much more, on delivering the green agenda, others feel that spending on this issue should be delayed until the current covid crisis is dealt with.

Outsourcing and agency staff – Raised as an area of concern by respondents, and perceived as an area where taxpayer money is wasted. Respondents sought reassurance money was spent wisely here, and one member of staff suggested ways savings could be made in this area (see email 1 in Appendix 1).

HWRCs and Highways – These were the 2 issues most commented on that were not directly referenced in investment or savings proposals. Closure of HWRCs is a significant concern for respondents, and respondents always want to see investment in the roads as this is, and has been, one of their main concerns for many years.

Performance reporting – Respondents wanted the council to be more transparent about its spending, and to publish more, and clearer, information about how its budget is spent. They wanted breakdowns by directorate, location, and by key services, and wanted information presenting simply, using charts and videos.

Engagement success

An Engagement Hub

For the first time the council created an Engagement Hub to promote the budget consultation. The purpose of this was to make the consultation more engaging, and to increase the number of responses received.

The Engagement Hub incorporated a short video introducing the engagement, as well as other features such as surveys, story boards and a public comments board.

An increased response

The engagement received 313 responses in total, and had 93 video views, and while this is up from the 103 responses received last year, it is still a fairly limited response given there are over 380,000 people living in the borough.

Respondents fed back how they thought the council could improve the way it engages on the budget in future.

Conclusions

Overall views on the budget

It is positive to see that 45% of respondents agree the council spends money wisely, this gives the council a good foundation of trust to build upon.

Respondents were fairly split on how next year's budget shortfall should be made up – split between further money saving proposals, and between an increase in council tax.

While some can afford to pay increased council tax, it does seem clear that those who disagree council tax should be increased would be significantly affected by any increase if introduced, particularly during the covid-19 crisis.

Key feedback received

The actual feedback received on specific investments and savings was fairly limited, but this is provided in detail within the report. Respondents have highlighted key areas of concern, and we did also receive some lengthy and informed emails and comments which deserve attention and a response – NHS Cheshire CCG in particular submitted a detailed response on several of the proposals (see appendices 1 & 2).

Generally speaking, the issues respondents seemed to be most concerned with included:

- Social care services
- Car parking and highways
- HWRCs
- Local bus services
- Outsourcing and agency staff
- Planning and development
- Staff pay
- The green agenda

Respondents also called for more, and clearer, financial information to be made available, to help them understand how the council spends taxpayer money.

Engagement success

It is positive that the budget engagement this year achieved an increased response as compared to last year, with 313 responses in total.

That and the good interaction with the Engagement Hub has been positive to see, and alongside the feedback received on improving the engagement in future, gives the council a good engagement platform to build on.

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Report produced 11 January 2021 by Ben Buckley of the Research and Consultation Team, Cheshire East Council. Email RandC@cheshireeast.gov.uk for further information.

Introduction

Purpose of the Engagement

Between December 2020 and January 2021 Cheshire East residents and other stakeholders were invited to get involved in the council's budget engagement, which runs every year.

The budget engagement outlined council priorities, how it is investing to achieve them, and how it must change to live within its means over the next few years.

Results from the engagement will then inform the adoption of the council's Medium Term Financial Strategy, due [to be voted on at full Council on 17 February 2021](#).

Engagement methodology

For the first time the council created an "Engagement Hub" on the council website to help promote the budget engagement.

The "Engagement Hub" incorporated [a short video from the council Leader and Deputy Leader to introduce the engagement](#).

It also gave respondents a number of different ways of feeding back on the engagement, including through a survey, a storyboard, email, social media, or through a comments board on the Engagement Hub itself.

The engagement was also widely promoted, most notably though:

- [The council's Digital Influence Panel](#)
- [Media releases](#).

Number of responses

In total, there were 313 engagement responses, and 93 video views. Responses included:

- 216 survey completions
- 75 storyboard completions
- 14 Engagement Hub comments
- 8 direct emails.

Home / Council and Democracy / Council Information / Consultations / Budget Engagement 2021

Budget Engagement 2021 - 2025

Introduction

Cheshire East Council provides more than 500 services for approximately 382,400 residents. From gritting roads to looking after vulnerable people, hundreds of council services are accessed every single day.

As your council, we have a responsibility to deliver cost effective services in a way that provides our residents with value for money and to ensure every penny is accounted for and spent wisely to deliver so many vital local services which support the needs of local people.

The following budget engagement explains how Cheshire East Council sets its budget, and shows what its spending plans for the next few years look like.

Watch the launch video below, or read a transcript of the video (PDF, 78KB).



View and feed back on this engagement

You can view and feed back either via:

- [Budget Engagement 2021 - 2025 survey \(opens new window\)](#)
- [Budget Engagement 2021 - 2025 storyboard \(opens new window\)](#)
- [Downloading a PDF version of the engagement survey \(PDF, 462KB\) \(opens new window\)](#)

Other ways to feed back on this budget engagement

- Email RandC@cheshireeast.gov.uk
- Write to Research and Consultation, Westfields, Middlewich Road, Sandbach, CW11 1HZ
- Tweet @CheshireEast #CECBudget
- [Provide your comments below](#)

If you would like to receive these proposals in an alternative format, or submit your response in a different way, please call 0300 123 55 00 or email RandC@cheshireeast.gov.uk

Engagement timeline

- 2 December 2020 - Budget Engagement starts
- 8 January 2021 - Budget Engagement closes
- 17 February 2021 - Council to finalise the Medium Term Financial Strategy for 2021 - 2025

Future involvement

If you enjoy taking part in council engagements, and would like to be kept informed about future ones, [join our Digital Influence Panel \(opens new window\)](#).

Your comments

Add your comments about the Budget Engagement below.

Overall views on the budget 2021 – 2025

Spending money wisely

45% of respondents agreed the council spends money wisely, 32% disagreed.

To what extent do you agree or disagree...

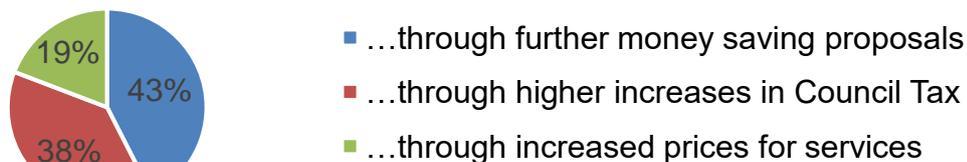


Number of responses = 276

Making up next year's budget shortfall

43% of respondents stated that they would prefer next year's budget shortfall to be made up through further money saving proposals, 38% said they would prefer higher increases in Council Tax, and 19% said through increased prices for services.

Generally speaking, would you prefer next year's budget shortfall to be made up...



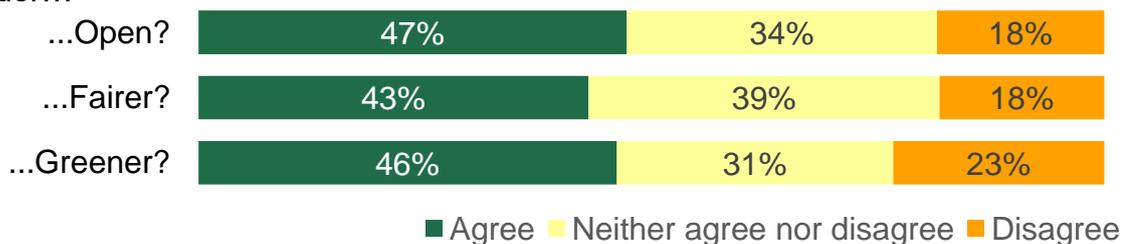
Number of responses = 261

Level of agreement with the proposed investment and savings

Respondents were generally in agreement with the proposed investments and savings under each of the Corporate Plan aims Open, Fairer and Greener.

On average 46% of respondents agreed with the investments and savings, 20% disagreed, and 34% neither agreed nor disagreed.

To what extent do you agree or disagree with the investments and savings under...



Number of responses between 253 and 262

Managing the impacts of covid-19

54% of respondents agreed the council is managing the impacts of covid-19 effectively, 15% disagreed.

To what extent do you agree or disagree...



Number of responses = 271

General comments on the budget engagement

Throughout the engagement respondents made a number of general comments. These comments have been summarised below, with count totals given next to each comment and comment heading.

The proposals	6
The proposals look good.	2
More transparency is needed on how the list of proposals was chosen.	2
The proposals don't cater for a post-covid world.	1
More savings should have been proposed.	1
The Budget Engagement material	35
Lack of information to give an opinion – It is good that the council is trying to be open regarding its budget, but how is anyone meant to appraise this? Where is the detail? Two paragraphs to support nearly £7m of what? It is difficult to make any judgement in the absence of genuine evidence. Are the plans actual or are they concepts? The headings are so broad that it is not reasonable without detailed knowledge to take any firm view. What's the impact of proposals? There is no indication as to how the numbers quoted in the document are arrived at. It's all deliberately woolly, it must be clearer, and more specific, so people know what is being proposed. If you're going to bother consulting on this, make it clear, otherwise don't bother and save us all some time.	23
Lack of plain English is a barrier to giving an opinion – You've done this annoying thing where you've written in politics language, to be transparent write in lay-man terms and be more concise. There's lots of corporate jargon in the document which is warm and woolly management consultant waffle. How can anyone make a rational judgement of something so esoteric? Half of this is a mystery to me – what is pathfinder for example? 'Corporate Parenting' is an Orwellian piece of jargon. Anybody know what this means: "Therefore, growth is proposed to remove this income target from for the budget."? "Fairer" means absolutely nothing to the average citizen in the context of spending decisions. People just want to know how much is being spent on potholes, bins and social services compared to last year and how it compares to other LAs, otherwise it's just self-serving management speak.	10
Information is misinterpreted – Respondents were not clear about which figures in the tables were investments, and which were savings.	2
Council spending	16
Spend money wisely – Get a grip, stop investing, stop pleading poverty. Spend on key priorities such as roads and not vanity projects to appear virtuous.	5
Council tax rise – Strongly opposed to this, especially as the public will also be struggling with the pandemic.	3
Alternative funding – Seeking alternative funding can be harmful, some cuts could do long term harm. Efficiencies driven by cost saving activity are a false economy for the vulnerable individuals we support and the people of CE.	3

The council must reduce staff – There are too many managers, and not enough front line workers. They always reduce front line services but manage to spend lots of money on themselves and their buildings.	3
Saving suggestions – Ask the Taxpayers Alliance to conduct a financial review and make saving suggestions.	1
Efficiency savings are preferred to the cutting of services.	1

The Green agenda – For and against

24

The green agenda is very important, climate change is the biggest threat facing mankind. The council must do as much as it possibly can, it is afraid to make bold decisions on this agenda. Plant 1m trees, install solar panels on every council building and council house, push to get us a hydrogen fuel station here in CE, reduce car use, encourage greater public transport use, pollution is high and litter is everywhere. More focus is needed on improving the environment and reducing reliance on cars, and increasing electric car use. More charging points are needed, but no investment for these is identified in this document.

17

There is too much focus on the green agenda – In present times becoming greener is the last of my worries, deal with the present crisis and in better days plan for the future. Focus on core services, and not "tree hugging". It is easy to be green and a socialist when you have money, but at the moment we are much poorer due to covid, and therefore must delay green spending on initiatives.

7

The People Directorate

10

People Directorate & Children's Services – It is good to see investment here, this needs protecting as a priority particularly as the population ages. Prioritising the vulnerable is vital, and the council must not reduce funding for Children's Services. The council does not really have a choice regarding spending in this area. However, there is always an overspend here which must be dealt with.

10

General comments

26

Outsourcing – Outsourcing isn't necessarily cheaper or safe. I feel that a lot of money is wasted in contracting out services, I do not consider that (outsourcing) results in anything other than 'accounting' savings, in other words savings that appear in the books but, in the long run do not result in genuine economies. Would it not be wiser to bring some services back in house have things based centrally and allow all the collective knowledge skills and experience deal with the issues.

4

Agency staff and consultancy spend savings - See email 1 in Appendix 1.

1

Commissioned services – Commissioners need to really understand the people and services that they are commissioning services for, I feel at the moment there is a lack of understanding at times about how services are run or what people need. Most health and social care organisations struggle with the stand-off between commissioners and providers; we need to see more than simply moving money around within the same financial envelope.

4

Planning – There is too much development going on, which must stop. Why are you building car dependent housing estates away from urban areas, how does this fit with the green agenda? Money could be raised by increasing fees for planning applications and ensuring S106 contributions are paid in full.

4

Levelling up – To make a place better by supporting the weak you level down. Supporting the strong moving forward will drag others up.	2
Fairer – Nothing is free and Fair will now cost so stick to helping those that can't help themselves. Everyone deserves fair treatment.	2
Middlewich always gets overlooked / is the poor relation.	2
Make use of the plethora of brain power available in CE, especially the large numbers of retired academics, clinicians, financiers and industrialists who live in the borough.	1
Service reviews – It will be hard for service users to hear some services are going to be reviewed again.	1
Red tape – There is too much.	1
Partnership working – Any new proposals must be well thought out and done in partnership.	1
Inward investment post covid-19 – See email 3 in Appendix 1.	1
Adult Social Care savings ideas – See email 3 in Appendix 1.	1
Health and wellbeing feedback – See email 6 in Appendix 1.	1

Service specific comments	30
HWRCs – Opposition to site closures. Closures will lead to increased fly tipping. Congleton HWRC - Replace it. Provision of a new recycling centre previously budgeted at £4m by CEC and approved in Feb 2020 must be reinstated. This is essential if we are to meet our carbon neutrality targets.	10
Highways – Invest in CE highways, roads and potholes repair. Don't patch, resurface. The roads around Cheshire East are disgraceful, not to mention the damage they are causing to people's cars. What long term (highways) investment strategy does the authority have? New bypasses are needed (Middlewich and Disley). Don't widen the A500. Clamp down on road safety issues.	11
New homes bonus phase 2 funding – This has disappeared and needs reinstating.	2
Libraries – Must be protected.	1
Rural issues – Invest in them.	1
Town centre regeneration – Town centres are ghost towns, lessons should be taken from the rebirth of places such as Altringham. Fast food outlets and late-night drinking are not solutions.	1
ICT access needed for vulnerable people e.g. in libraries.	1
Housing – Sheltered and affordable housing provision should be included in every new development.	1
Badger vaccination – Opposition to it.	1
Public transport – Must be improved. I cannot get a public transport between Crewe and Nantwich after I finish a shift at 8pm. As we should be trying to lower our carbon footprint and get people on public transport this needs to be addressed within your strategy.	1

Open – Investments and savings comments

Throughout the engagement respondents made a number of comments about the Open investment and saving proposals. These comments have been summarised below, with count totals given next to each comment and comment heading.

Financial Sustainability – Investment	10
Pay awards – Stop incremental pay increases, there are lots included in proposals, while services are being squeezed. Public sector staff wages and pensions should be frozen until the council is back in the black, like private sector wages are frozen. The wages appear very generous, highly paid staff in particular should have a reduction – have pay cuts for a year for staff members earning more than 50k. Pay increases should be bottom up with smaller increases for those at director / Chief Exec level.	10
Commercial Opportunities – Investment	3
Orbitas – What savings are being made by Orbitas? The council is too secretive on this.	1
PROW – Could greater savings in the PROW department be achieved by delegating the function to Town and Parish councils? Also see email 2 in Appendix 1.	2
Workforce – Investment	1
ICT – Needs investing in. I have heard of colleagues having issues with ICT / their laptops, and they are forced to wait hours or even days for a solution, which is a loss in productivity.	1
Financial Sustainability – Saving	10
Corporate Services – There is no evidence this directorate provides value for money, no effort to drive up productivity here and it is always protected.	1
A restructure / job evaluation exercise was undertaken at enormous cost a few years ago, so we need another one?	1
Pensions – The current scheme is no longer affordable.	1
Payroll system – Millions must have been spent in the 5 years it's taken to change the software for payroll, and I'm not convinced it will be a better system.	1
Virtual meetings – After covid-19 virtual meetings should continue to reduce travel and expenses.	1
Continuing Healthcare Funding – The savings badged against Continuing Health Care (CHC) are savings to the Council, not to the health and social care system. When we are successful in getting agreement to CHC eligibility, the costs simply move to health (and vice versa). If we are serious about integration and working in partnership, this should not be an area where we badge savings.	1
Continuing Healthcare Funding – See comments in email 6 from NHS Cheshire CCG. Reviews of nursing home placements and complex care packages should be undertaken in conjunction with key CCG/health staff. We would not anticipate a significant financial saving to the Council in this area as it reflects current procedure.	2

Grass cutting – It is a good idea to reduce grass cutting frequency as this is often just a tidying measure rather than having any other purpose. Of course, where it is needed for sight lines, this has to be taken into consideration. Routine maintenance such as gully emptying has had much reduced frequency in recent years and this has resulted in blocked grids, deep puddles where pedestrians are drenched by passing traffic, and risk of icy surfaces in winter. The current grid / gully clearing seems to only occur once every few years, when before it was several times a year.	1
CCTV – If savings are being made moving the CCTV to a wireless network, will the Town Councils funding the service be entitled to a rebate on the agreed service figures?	1

Workforce – Saving	8
Whilst Covid19 has pushed us in to thinking about things differently and we have adopted different working practices, the potential savings from partnership and integration come from either the removal of senior posts which are duplicated in different organisations, or where the same function sits within different organisations (such as HR, Finance, Communications, etc) – savings should not and must not come from reductions in practitioners in either health or social care.	1
ICP and integrated commissioning – Is there any more detail behind these proposals to understand what the savings are and where the joint posts are likely to be? See comments in email 6 from NHS Cheshire CCG.	1
Council offices – Why is Westfields still open during the pandemic? Covid-19 has revolutionised the way work can be carried out remotely. The Council wherever possible should embrace these changes.	2
Reducing carbon emissions – Reduction in carbon emissions implies too much extra expenditure. This initiative should wait until the economy locally and nationally improves when the dubious benefits are more affordable.	1
Early Help Volunteer Model – A volunteer model for early start services e.g. those families not reaching early help threshold just will not work. Families need stability, commitment and professional knowledge and experience to ensure identification and provision of early intervention, before escalation of problems and a step up back into level 3 or higher. Even the most committed volunteers can offer only an amateur service, even if commissioned out to a charitable organisation. It is just not sustainable and will lead to poor performance from commissioned services.	1
Children's Centres – Please please don't make further cutbacks on children's centres - these services are absolutely vital, assist with early intervention and support in a whole host of areas for both children and parents, and therefore making savings across a variety of areas. Digital groups are certainly not an effective substitute when it comes to children's centres – real socialisation, discussing things in person, and providing play and learning opportunities and support can only be effectively delivered in person from the centres. And the fact that some of them are open full time makes support significantly more accessible. Broken Cross having limited opening was a great loss. Please continue to invest in all of our children's centres and the vital services they provide.	1

Children's Centres – See comments in email 6 from NHS Cheshire CCG. What arrangements are in place for families who are digitally excluded? How will the child's voice be heard during virtual appointments and is it as easy to detect any safeguarding concerns if professionals are not seeing children face to face?

1

Fair – Investments and savings comments

Throughout the engagement respondents made a number of comments about the Fair investment and saving proposals. These comments have been summarised below, with count totals given next to each comment and comment heading.

Reduce Reliance – Investment	11
Complex Care Provider – Opposition to freezing of fees from providers. See emails 4 & 5 in Appendix 1.	2
SL fees consultation 2021/22 – Is there a reason that there is no proposed uplift to the sleeping night rate, and what is the rationale for hourly rate for waking night support being lower than the day rate?	1
PFI Subsidy – I agree that PFI subsidy needs to be reviewed with a view to reduction and longer term removal. How many people benefit from this subsidy? How is this "fairer", PFI's are inefficient and are purely to provide profits to shareholders at the expense of their "customers". It is obscene to cut services to vulnerable people and provide subsidies to failing PFI projects. This money could be directed towards purchasing more disability equipment. What provision is there for young people to access training so that they could be involved in the production of meals in these venues and have a meaningful role in society? Which charities do you work in cooperation with on this? What is the extent of the subsidy towards restaurant facilities at PFI institutions.	5
Beechmere – What is the plan for Beechmere, why has it not been rebuilt? It is not clear yet when the extra care housing scheme in Crewe is to be re-built, and when the issues around this will be resolved. There is no indication on how this affects the overall council budget and what years the impact is planned to be resolved in the figures?	3
Safeguard Children – Investment	2
EHCP Care Plans – EHCP costs could be reduced if earlier interventions were more successful and more joined up with schools / council / CAMHS (and DWP if applicable) having more multi-agency consultations.	1
EHCP Care Plans – See comments in email 6 from NHS Cheshire CCG. How will the Council make use of the expertise at delivery level to drive forward early intervention and support to help reduce the number of EHCPs?	
SEND – Comments on the SEND proposal are positive, is there an awareness of the very slow response times for support? This needs to be greatly improved.	1
Corporate Parenting – Investment	1
'Corporate Parenting' is an Orwellian piece of jargon.	1
Health Inequalities – Savings	3
Pathfinder – As a former trustee of a charity which provides services similar to Pathfinder, I am concerned that it will not continue, and am concerned it will be the most vulnerable in Cheshire East who will suffer. Hopefully, those who are "upskilled" for the role will have the experience, knowledge and time to provide	1

the former Pathfinder service, and the loss of those vulnerable people who use the service will be minimised.	
Pathfinder – See comments in email 6 from NHS Cheshire CCG. Disappointment at proposed reduction of budgets, and questions asked about “What impact will this have on the community sector if this contract is not renewed, particularly in light of the other proposal to reduce community sector spending?”	1
Mental Health Floating Services – See comments in email 6 from NHS Cheshire CCG. Will there be an impact on Crisis Beds and future transformation funding for the Cheshire East Crisis Café links?	1

Reduce Reliance – Savings	4
Section 117 review – See comments in email 6 from NHS Cheshire CCG. How will the Council ensure that this review is also linked to the work that is being undertaken by the C&M Health and Care Partnership that is working to support those with personality disorders etc, who are significant users of S117 (so links up work to derive the maximum benefits for all)?	1
Section 117 review – More information on this is needed when available.	1
Contract Management Team – The team only "intends" to monitor providers? Look forward to seeing some progress here.	1
Cheshire Care Record – See comments in email 6 from NHS Cheshire CCG. What impact will this have on the Cheshire Care Record contract?	1

Safeguard Children – Savings	1
Fostering – Agree with increasing fostering provision.	1

Best Start – Savings	4
I work in Development and Partnerships Service (Children's) and I strongly feel that losing 50% would impact Children's Services in a huge way. Although we are part of Early Help and Prevention, we support teams and services across the whole of Children's Services. I don't think that other services would have the capacity to absorb the work we do, because I imagine their capacity is stretched enough. An example of the work we do is the coordination and support of inspections of children's services. The preparation this requires is lengthy and time-consuming. The inspection itself involves a lot of work and staff are often required to put in extra hours. I don't see how other services could be realistically expected to take this on, and this is just one example.	2
Best Start – See comments in email 6 from NHS Cheshire CCG. The 50% reduction in Best Start Services requires further explanation please. The document doesn't really give any detail on what this will mean e.g. 'The roles of the service would need to be absorbed by existing services'. Can existing services absorb this service effectively? How will that look?	1
Not sure what this service Best Start is – Is this Sure Start?	1

Collaboration – Savings	2
Youth Justice Service – Why are you reducing funding by 10% for a single youth justice service? These are vital services. I do not approve of the proposal to	2

reduce contribution to the Youth Justice system. Justice and courts have suffered greatly in recent years and any further reductions are to be deplored.

Green – Investments and savings comments

Throughout the engagement respondents made a number of comments about the Green investment and saving proposals. These comments have been summarised below, with count totals given next to each comment and comment heading.

Great Place – Investment		12
Gypsy / Traveller transit site – This should only be provided if this community pays Council Tax. The transit camps sites for the travelling community will become permanent sites, and so these people should be made to contribute towards their upkeep and running. Initial set up costs should be met by the LA, but ongoing costs should be met by the traveller community who use the transit site. Why must we spend money on traveller transit site, when there are homeless in our area? Delighted to see that Cheshire East is finally taking its responsibilities to the Gypsy and Traveller community seriously.	11	
Gypsy / Traveller transit site – See comments in email 6 from NHS Cheshire CCG. Is the CCG linked into this work? This group traditionally has poor health outcomes and difficulties accessing primary and secondary care services.	1	
Neighbourhoods – Investment		3
Environment Enforcement – Environmental enforcement is seriously underfunded. This is supported and should go much further. Much more should be done to tackle littering, dumped rubbish, obstructive parking and Trading Standards issues. This is an area for increasing investment most of which could be offset from penalty charge income. I support the removal of the target for fixed penalty notices, the company you were using was disgraceful and inhumane.	3	
Environment – Investment		23
House building – Opposition to house building / planning. House builders have destroyed the landscape with not particularly green housing. I am heartily sick of the council granting planning permissions in unsuitable places e.g. on fast disappearing green belt, just to receive additional council tax and monies from the housebuilders. If you are going to build new houses they should all have solar panels, LED lighting and alternative heating/ energy sources. The planning department makes me so angry – the infrastructure cannot support the rate shoddily built poky houses are springing up!!! Options for developing brownfield sites should always be explored first. The income, additional council tax, from these new developments doesn't appear to be included in budgets. There are too many houses being built, I don't think any further planning applications should be supported and then money could be saved in this area.	8	
HWRC – Surely increases in waste and refuse collection from new homes expenditure will be met with increased income from council tax on these properties therefore increasing the money coming into the council substantially and therefore not have to make cuts? I would like to see the council apply consistency with its Net Carbon targets – How is this aided by asking citizens to travel increased distances by cars and vans to dispose of refuse resulting from closure of sites?	5	

Carbon Neutral planning – The Carbon Neutral date should be 2030, the council won't be carbon neutral by 2025. I do not agree with bringing forward the net carbon zero target date if there is additional cost to do so. General improvements will reduce our carbon footprint in due course. The spending projections do not appear to be consistent with the target for being carbon neutral by 2025? Planning is not working in CE, needs to be made bespoke for the borough e.g. reducing meat consumption is not the answer and gives out the completely wrong message especially as we have a strong rural economy in Cheshire.	6
LED illumination – Support this. Non-illuminated signs are great so long as there is an increased budget for keeping them clean, as when dirty they become invisible and a hazard.	3
Don't cut down trees for development.	1

Great Place – Savings

6

Tatton Park – Exit it completely. Right to reduce subsidies, it must be self-sufficient.

3

Town and parish councils – Transfer more assets and services to them. Supportive of this – they can probably deliver better and more tailored services than the council can. They must be green too.

3

Neighbourhoods – Savings

1

Housing Related Support Contracts – See comments in email 6 from NHS Cheshire CCG. How will this be undertaken? As it is being labelled as a 'cost saving' recommission, will a quality impact assessment be carried out, as the most vulnerable tenants are the ones who benefit from housing related support? If this service is reduced, how will these people be supported?

1

Transport – Savings

14

Car parking charges – Parking charges need to be harmonised before this budget is approved, so-called consultation on this issue has been going on for more than 6 years. I do not agree with car park charges as it drives people to shop out of town. The introduction of car parking charges would result in the death of the town shops as a consequence. Car parking should not be seen as an income channel – it has a negative impact on town centres and will lead to loss of business rate income. If parking fees are passed for small towns, then have the first 2 hours free; otherwise the High Street will become empty. Parking in the borough is shocking. Transport includes a cost down, is this due to a predetermined expectation that car parking tax will be increased/widened? Car parking income could be used to subsidise bus fares, and car parking charges should be higher than local bus fares to encourage people to switch mode of transport.

9

Local bus services – Opposition to further cuts to bus services. The council does not spend enough on public transport and the council never seems to care about the people who have to use it. These are lifeline to many communities and is a false saving as the burden of accessing services falls on the individual or other providers. Town and Parish Councils should pay for services to remote areas if they want them.

5

The budget information stakeholders need

Throughout the engagement respondents made a number of comments about what information they need to be able to judge how the council spends money. These comments have been summarised below, with count totals given next to each comment and comment heading.

What is provided is fine	3
Performance reporting	23
Publish information so stakeholders can determine if money is being used effectively. People perceive the council to be wasteful, but that's more because people do not understand how it spends its money. Provide performance measures against targets, and time-based trends. Give comparisons of performance against other local authorities. Give honest appraisals of where mistakes were made in spending taxpayers' money, and how expenditure could have been better managed with the application of hindsight. Give cost / benefit analysis of individual projects.	15
Publish detailed management accounts / the full accounts	7
Publish detail on income sources	1
Publish financial breakdowns by directorate	25
People Directorate – More detail on spending in this directorate is required as 60% on social care seems a lot. How is adult and children's services audited, by whom, and where are the results published in an understandable way? Families should be proving more of their support financially.	8
Capital Projects – Publish breakdowns of the all capital projects, their costs and cost/benefit analysis e.g. for project such as the waste transfer centre. Project Management reporting is non-existent.	6
Corporate Services – This seems to be a catch all Directorate, it is hard to determine the wisdom of this spend here. Publish more details.	5
Publish financial breakdowns by location	3
Publish detail about the amount spent on each town, as some towns seem to pay a lot, but don't get a reciprocal amount spent on them.	2
There is a perception spending is centralised.	1
Publish financial breakdowns by day-to-day services	7
Lumping highways, waste, libraries and leisure together seems unfair as they are very different services and should be treated as such.	3
Split financial breakdowns by statutory services, and non-statutory services. Which services have to be paid for, which are optional?	3
There is a claim that the Council provides more than 500 services yet the budgets for these services are hidden and are not subject to any public scrutiny.	1
Publish financial breakdowns by the following day-to-day services	18

Roads, highways, potholes.	7
Planning – How much income will be generated by all the new houses being built? How much does the council receive from developers?	3
Cycle lanes / street furniture – Contentious, many people dislike spending on these.	2
IT	1
Street cleaning	1
Drainage	1
Enforcement	1
Education - Schools	1
Fly tipping	1

Publish financial breakdowns by the areas where the council is perceived to be wasteful	35
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Staff pay / pay rises – Especially for Senior Management. Public understanding of these costs needs to be improved. There are too many staff, pension costs, and redundancy payments. Salaries should not increase next year. Too many residents feel high salary of CEO etc are unjustified and unfairly (in my opinion) blame elected councillors for this. An anonymized list of settlements awarded to departing staff is needed, together with categorisation of the various headings under which these awards were given (early retirement, disciplinary).	12
Agency staff / Consultants / Contractors – How much is spent on these? Assurances are needed about the cost / benefit analyses for outsourcing.	10
Councillor expenses/perks.	5
The cost to have meetings – Particularly after covid-19.	3
Vanity projects / silly initiatives e.g. Pride events (spend money on services instead)	2
The Mayor / Limo	1
Non-routine expenditure over £100,000	1
Restructures	1

How financial information should be presented	6
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Videos / Presentations – More are needed to help explain where money is spent and how.	2
Consultation – More needed is needed so people understand council spending. There could be specific consultations on different financial areas to assess spending e.g. by Directorate or service.	2
Pie charts – More, simply presented information is needed e.g. in pie charts.	2

Conclusions

Overall views on the budget

It is positive to see that 45% of respondents agree the council spends money wisely, this gives the council a good foundation of trust to build upon.

Respondents were fairly split on how next year's budget shortfall should be made up – split between further money saving proposals, and between an increase in council tax.

While some can afford to pay increased council tax, it does seem clear that those who disagree council tax should be increased would be significantly affected by any increase if introduced, particularly during the covid-19 crisis.

Key feedback received

The actual feedback received on specific investments and savings was fairly limited, but this is provided in detail within the report. Respondents have highlighted key areas of concern, and we did also receive some lengthy and informed emails and comments which deserve attention and a response (see appendices 1 & 2).

Generally speaking, the issues respondents seemed to be most concerned with included:

- Car parking
- Highways
- HWRCs
- Local bus services
- Outsourcing and agency staff
- Planning and development
- Staff pay
- The green agenda

Respondents also called for more, and clearer, financial information to be made available, to help them understand how the council spends taxpayer money.

Engagement success

It is positive that the budget engagement this year achieved an increased response as compared to last year, with 313 responses in total.

That and the good interaction with the Engagement Hub has been positive to see, and alongside the feedback received on improving the engagement in future, gives the council a good engagement platform to build on.

Appendix 1 – Lengthy written email responses

Throughout the engagement 7 lengthy written email responses were received as part of the feedback. These have been referred to in the above summaries of comments, but the full emails are included below for reference.

Email 1 – Agency staff and consultancy spend savings

I wonder if there is scope for savings in relation to our agency staff and consultancy spend. We spend approx. £9 million on agency staff per annum and up to £6 million staff per annum on consultancy (which can include individual limited people e.g. ICT contractors for example), so that is £15 million on 'additional resource' to our perm staffing budgets.

I appreciate that there is a need for both agency staff and consultancy to flex the organisation and to cover for peak periods etc however, we do tend to retain some of these workers over several years and I feel that if a proper review of jobs/roles was done, that perhaps savings could be made where structures could be adapted to include a full time perm role for example where they obviously need additional resource instead of paying agency fees and consultancy fees.

Again, I appreciate this isn't always going to benefit as it may be that we'd never be able to pay the worker as much if it was a full time role, so this in turn may make it difficult to get those skills and retain them but there must be some scope in looking to reduce our reliance of contingent labour?

Email 2 – Public Rights of Way (PROW)

We refer to the current Budget Engagement 2021-25 and wish to submit the following comments specifically related to the resources allocated to the PROW Unit. We write on behalf of the 450 members of East Cheshire Ramblers who use the local Rights of Way network frequently. The Group also reports faults on the network regularly to CEC. This is part of an annual survey of all 1295 paths in our area which is centred on Macclesfield and stretching from Poynton and Disley in the north to Wincle in the south.

We note from the CEC 'Medium Term Financial Strategy for 2020 to 2024' that the Revenue Budget for Public Rights of Way has been capped at the same level for all years. This fails to take into account the rise in the cost of services and supplies for this overstretched service and for further investment in their GIS software. In particular we wish to have timely feedback on the progress on the correction of faults which is not possible at the moment. We, therefore, fully support their bid for additional funds.

We are sure you are aware that the COVID pandemic has led to an unprecedented increase in the use of the public rights of way network in East Cheshire. Investment to ensure that the network is available for use by the public and by future generations of walkers is thus of great importance and we trust that the PROW bid for additional funds will be considered favourably.

Yours sincerely, Footpaths Committee, East Cheshire Ramblers.

Email 3 – Inward investment post covid-19 & Adult Social Care savings ideas

There are two issues I'd like to provide feedback on re the current Budget Consultation:

1) Reference Budget Consultation Report page 85 para 65:

Back in January 2020 there were 2,500 residents in Cheshire East on Universal Credit, there are now over 11,000. When furlough ends in April, forecasts point to a further increase. At the same time the number of business closures is significantly outweighing the number of business start-ups. Clearly the impact of the pandemic is the primary cause and there is a knock on effect re the reduction in revenue from Council tax and Business Rates. The sectors hardest hit include retail, travel, marketing and hospitality. There is a direct and important link between economic development/economic recovery and the health of the Council's spendable budget. It seems to me that a vital area of focus for the Council should be inward investment. We should be doing everything possible to attract new business (small, medium and large) to set up in Cheshire East rather than somewhere else. New business start-ups mean new jobs, more employment and increases of income to the Council re Business Rates and Council Tax. At the same time, higher employment increases community resilience and tends to reduce the dependence on services. As new businesses start up in sectors that will be resilient post pandemic, there will be more vacancies available for skilled and semi-skilled people. There is already some coordinated sub-regional work underway to ensure a sufficient volume and type of skills training is developed, to meet those needs and ensure those "step up" vacancies are filled effectively. In turn this then frees up more entry level positions. This is important as many of the people that the Council supports with complex needs tend to use entry level positions as a sound first starting point. The more people with complex needs (eg learning disabilities) that can be supported into work then the more independence of services is achieved and cost savings.

Bearing all this in mind it is surprising to see on page 85 (Para 65) of the Budget Consultation Report that the resource available to support inward Investment is to be reduced by £1.327m. My proposal here is that it is crucial to expand this vital area of work, not to deplete it.

2) Re Adult Social Care budget and examples of cost savings

The Budget Consultation Report does provide some detail re the types of Council services that bring about significant cost-savings. In addition the MTFs (table 13) details -

Engaging with voluntary, community and faith groups and local town and parish councils is essential to explore ways of transforming service delivery at a local level. It is (quite rightly) well-publicised re the beneficial effect of People Helping People and Connected Communities. Engaging proactively with communities to become more resilient and provide local support themselves is clearly good for communities and brings about significant and much needed cost-savings.

What is less well publicised is the even greater beneficial effect of supported employment. Supporting someone with complex needs into work as a positive alternative to more traditional and costly care services, is a vital area for further consideration. I think therefore, that it is important for budget proposals to recognise this area of work, re its capacity to bring about very significant and long lasting cost-savings at the same time as improving the life chances and independence of customers with more complex needs.

Email 4 – Complex Care Providers: Opposition to freezing of fees

Dear sir/madam

1st Enable are a CQC registered service which has invested and focused a large amount of its growth and future in Cheshire East in particular providing innovative

respite services, developed several significant housing schemes with funding partners and delivered complex care to many individuals that otherwise may have broken down and entered very expensive secure NHS and private services. Your very recent letter to 'freeze' fees on the 2018 complex framework rate for the third year running is disappointing.

I have attached my letter of response which will hopefully inform you of some of the key facts of why we believe this decision is poor and will cost you more in the mid to long term. I have also included our consultation from last year (which history shows appears to have been largely ignored).

Running Social Care into the ground will waste money, increase costs somewhere down the line and place massive pressure (and cost) onto the NHS but incredibly this is the effect central and local decisions are having currently at a time of national crisis.

Email 5 – Complex Care Providers: Opposition to freezing of fees

Dear Cheshire East Team,

Many thanks for your letter detailing the Budget Engagement for 2021-2025. It is very helpful to us to have received the Council's proposal well in advance of the commencement of 2021/22.

I can confirm we have submitted the survey today, as requested. However, the survey did not give us the option to fully detail our feedback, and thus, below, we would like the opportunity to put forward our feedback on the Council's Budget Engagement.

We note that an uplift is being proposed for the Council's standard rates but that for specialist placements, which by nature of their complexity and levels of input / support delivered, will exceed the standard rates, the proposal is for no uplift (0%). Cygnet's services are specialist and bespoke and thus sit outside of the standard rates.

We are cognisant of the challenges faced by the Council and the wider sector and are keen to work in partnership to address the inflationary cost pressures that we are experiencing as a Provider. However, your proposed uplift of 0% for 2021/22 is unacceptable. If this proposal is ratified, 2021/22 will be the third year that no inflationary uplift to the fees has been provided. Over that time support worker costs, representing 65% of the total care costs you commission, driven by NLW and other legislative costs will have risen by over 15%. These are cost we have already absorbed. This erosion of funding seriously jeopardises the quality and safety of care that you require and we wish to provide. We are therefore unable to accept your proposal for this year. A minimum of 4.6% is required in order to continue to provide these services to the quality and experience levels.

Cheshire East Council is a Host Local Authority to a number of Cygnet services and the Council also accesses out of area Cygnet services. Our close joint working is something that we very much appreciate and we look forward to continued joint working with the Council in 2021/22 and beyond. Thank you for your understanding of why an uplift for 2021/22 is vital for our services, and we cannot accept a 0% uplift proposal.

Email 6 – NHS Cheshire CCG feedback

Thank you for your email of 4th December 2020 inviting us to share your budget consultation with our colleagues and to provide feedback.

The summary attached is the feedback from the consultation circulated to our programme leads within our Strategy and Partnerships directorate. As you would expect the primary focus has been on the health and wellbeing elements, budgets associated with these and the impact on services for vulnerable people.

Please let me know if there is anything further to follow up. As well as some specific comments our response asks a number of questions. It would be good to see the final consultation document so we can share how these were responded to. (Colleagues have particularly asked for this feedback).

Feedback summary:

NHS Cheshire CCG – Strategy & Partnerships Directorate
Programme Area Comments/Feedback on the Cheshire East Council Pre-Budget Consultation for 2021 to 2025.

Strong Start Programme – General Comments/Feedback:

3. Spending within resources: To what extent do you agree or disagree that the council spends money wisely?

It is reassuring to see that collaboration and a review of shared services between CWAC and CEC is highlighted, together with the development of the ICP, which is also highlighted to increase efficiencies in delivery of care to communities. Savings in estates has also been highlighted, which is positive in some respects, in particular a reduction in overall carbon emissions.

4b. Fairer - Investment and Saving Proposals: Do you have any comments to make on the investments and savings under Fairer?

The Council plans to decommission the pathfinder service and instead upskill other frontline staff to undertake this role. This function is really important and we would hope plans are in place to make sure that there is a robust alternative e.g. the Directory of Services being kept up to date, training to frontline staff being fully embedded. There could also be potential to include frontline health staff, GP receptionists etc. and to add in signposting to self-care advice.

Cutting prevention budgets and stating this function will transfer to a community led initiative is reliant on securing the right people within a community to lead it. Prevention has a core thread in the 10 year plan, so it is disappointing these budgets are being reduced, when it's an important area that can make a great difference to the lives of our local residents.

The 50% reduction in Best Start Services requires further explanation please. The document doesn't really give any detail on what this will mean e.g. 'The roles of the service would need to be absorbed by existing services'. Can existing services absorb this service effectively? How will that look?

The Council plan to undertake a review of nursing home placements and complex care packages to identify people eligible for CHC requires specific CHC feedback and involvement, as does the review of section 117 aftercare. Such reviews should be undertaken in conjunction with key CCG/health staff.

In relation to the proposal to develop a transit site for the traveller community, is the CCG linked into this work? This group traditionally has poor health outcomes and difficulties accessing primary and secondary care services.

Opportunities have been identified to change how children's and family centres operate, offering more services virtually and digitally. What arrangements are in place for families who are digitally excluded? If not considered, this could potentially increase health inequalities. Also what activities will still be delivered face to face? During lockdown, many mums in the Babies in Lockdown Report reported feeling isolated and anxious and it's, therefore, really important to continue some sessions face to face and pick up on concerns which may not come across on platforms such as MS Teams. Events could place a stronger emphasis on meeting new mums and encouraging mums to create their own informal support networks. Also, how will the child's voice be heard during virtual appointments and is it as easy to detect any safeguarding concerns if professionals are not seeing children face to face?

Reduce Reliance

In relation to the proposal to undertake a full review and reassessment of all the Local Authority's section 117 aftercare arrangements under the Mental Health Act (1983), we have noted that this will be done in consultation with NHS colleagues. How will the Council ensure that this review is also linked to the work that is being undertaken by the C&M Health and Care Partnership that is working to support those with personality disorders etc, who are significant users of S117 (so links up work to derive the maximum benefits for all)?

The number of new Education, Health and Care Plan requests continues to increase significantly above the national rate. Previous investment in the Special Educational Needs and Disability Service

should enable the service to deliver on new needs assessment requests, but further investment is essential to enable the service to fulfil the statutory requirements for ongoing annual reviews. How will the Council make use of the expertise at delivery level to drive forward early intervention and support to help reduce the number of EHCPs?

4c. Greener - Investment and Saving Proposals: Do you have any comments to make on the investments and savings under Greener?

Savings through the recommissioning of Housing Related Support contracts – how will this be undertaken? As it is being labelled as a 'cost saving' recommission, will a quality impact assessment be carried out, as the most vulnerable tenants are the ones who benefit from housing related support? If this service is reduced, how will these people be supported?

Mental Health and LD Programme – General Comments/Feedback:

- Mental Health Floating Support Service funding seems to be moving over to the Public Health ring-fenced budget and will be relying on subsidy from elsewhere within the Council. Will there be an impact on Crisis Beds and future transformation funding for the Cheshire East Crisis Café links?
- Section 117 Review suggests NHS colleagues will be kept fully informed of this process, requiring links with the CHC Team.
- From recent experiences in dealing with patient experience and complaints, those in the most vulnerable groups namely, those with an LD/MH problem and/or autism diagnoses (in particular the 16-19 age group), appear to be suffering significantly from the impact COVID-19 has had on service provision and availability. Whilst budgets need to be reviewed as part of the pandemic recovery, we would urge the

Council to consider and fully consult with service users and their families when making decisions about future expenditure and prioritise budgets based on need.

- We welcome the investment in People Services, especially the targeting of money at people who have the most complex care needs and younger adults who are living longer with complex care needs. We hope that this includes people with Mental Health Learning Disabilities and Autism. We also hope that the investment in services for children in education includes children and young people who are in the transition age groups.

Living Well for Longer Programme - General Comments/Feedback:

NHS Cheshire CCG welcomes the focus on “Greener” as one of the three priority areas for investment and saving proposals and that although reduced the council is able to maintain a level of investment in this critical area of addressing climate change and achieving a carbon neutral position. We look forward to continuing to work with the Council on aligning our Green Plans.

We note that there is no link to the growing role of the Cheshire East Integrated Care Partnership and the opportunities that this can bring for reduced duplication and increased efficiency in the planning and delivery of services for health and wellbeing.

4a. Open Investment and Saving Proposals, Financial Sustainability, Savings

A CHC response would be preferable in this area. However, from a LWFL perspective, we note the intention to work with NHS colleagues to undertake reviews of nursing home placements and complex care packages to identify those people who have a primary health need and are, therefore, eligible for Continuing Healthcare Funding. As it is normal procedure to assess a person’s needs in a holistic way, we would see this continuing to ensure that the right care is provided at the right time for each person and that this is funded appropriately depending on their needs. We would not anticipate a significant financial saving to the Council in this area as it reflects current procedure.

4b. Fairer – Investment and Saving Proposals, Reduce Reliance, Investment

We understand the rising demand generally and in particular the older population requiring much more complex care and appreciate that the Council is prioritising investment in the fee uplift for Accommodation with Care and Complex Care Providers for the most vulnerable older people and advocacy services. Both of these areas involve joint working with the CCG and wider health services and we welcome the opportunity to continue to strengthen our joint commissioning.

We would expect the investment in the delivery of domiciliary care to address some of the challenges that we have in providing care in a timely way for those that need it, especially when it requires more than 1 carer and in rural areas. As Council colleagues are aware, this is significantly impacting on both people’s ability to be discharged from hospital and to avoid hospital admission, when not required. We understand that the issues are multi-factorial and therefore is not just about increasing investment. However, ensuring that the services are adequately resourced financially is a key part of providers being able to recruit and deliver the right skills and capacity to meet the population need at key points in their care journey.

Savings

We welcome the focus of the Community Team on low level and prevention and mobilising the local community and wish to acknowledge the valuable support that the Team provide. As we are jointly increasing our priority and attention to improving population health, we would not wish to see the impact of the Team reduced due to any reconfiguring, or financial savings.

We note the inclusion of integration internally within the Council between the Community Team and Commissioning, but that there is no reference to the opportunities for the Joint Commissioning pilot between the NHS and the Council.

The adoption of a more personalised and flexible approach to the day opportunities that enable citizens to play a valued role in their community and to live as independently as they choose is appreciated. We would expect that this approach is strengthened alongside the greater use of Direct Payments and that vulnerable people are given the support they need to make choices that will support their health and wellbeing.

We appreciate the increased monitoring of providers performance to improve the quality of the service actually delivered by looking at the start time of the call, call duration and continuity of carers. We would expect this to include a focus on the outcomes of the care for a person as time alone is not an indicator of the quality, personalisation and impact of the care provided to vulnerable people. The carer may be the only person that a service user has contact with from one day to another and when social isolation is increasing exponentially due to COVID-19 and reduced mobility, especially for older people, it is imperative that we focus on the experience for citizens not just the time taken for the delivery of basic daily tasks.

We value the partnership between the NHS and Cheshire East Council in the development and delivery of the Cheshire Care Record. We hope that, as stated, the reduced the amount invested will not impact on its continued development and usage to support the right care being provided at the right time for vulnerable people.

New Models of Care Programme - General Comments/Feedback:

4a.: Open Investment and Savings Proposal

Financial Sustainability:

This section makes reference to reducing base budgets for Community Grants and signpost to alternative sources, for example crowd funding

As we are trying to increase money being spent in this area as they offer good value for money - it would be useful to know how much it is anticipated that this will be reduced by.

4a.: Open Investment and Savings Proposal

Workforce: This section refers to opportunities in new ways of working including the development of the ICP and integrated commissioning.

Aligning services across Early Help and role of volunteers to support prevention programmes.

Is there any more detail behind these proposals to understand what the savings are and where the joint posts are likely to be?

As we work to support the development of the VCFSE Sector Grants Programme for the ICP, we can support delivery as we shift focus of delivery towards Place Priorities. This may support the early intervention and prevention theme through Strong Start as a highlighted priority.

4b. Fairer Investment and Savings Proposals

Health Inequalities:

Proposal to not extend the Pathfinder Contract.

What impact will this have on the community sector if this contract is not renewed, particularly in light of the other proposal to reduce community sector spending?

4b. Fairer Investment and Savings Proposals

Reduce Reliance: Proposal to reduce the budget for Cheshire Care Record required to maintain its usage.

What impact will this have on the Cheshire Care Record contract?

4b. Fairer Investment and Savings Proposals

Best Start: Proposal to reduce the Development and Partnerships Services by 50% as the service is not statutory. Suggestion this will be absorbed by existing services which may impact on the ability to carry out service development and transformation. How will this impact on NHS Services as well as the joint developments as the ICP role expands?

Appendix 2 – Engagement Hub public comments

The following comments were publicly posted on the Engagement Hub during the consultation period:

10 December 2020 at 6:19PM, Amy Piper wrote

We need a bypass. We always get over looked. With ansa and the motorway links middlewich is very often gridlock and the narrow roads to the a54 cannot take much more. Also the amount of houses that keep being built it's ridiculous the amount of extra traffic that has come through with no where for it to go. Before long the slip round to middlewich from the m6 will be backed up. Maybe then we will get what we need.

12 December 2020 at 7:55PM, Nigel Young wrote

Please don't spend money widening/dualing the A500. As I've said before you'll only create a 2 car wide queue rather than a one car wide queue. The problem is traffic flow around the roundabout at J16. Spending on Crewe bus station should also be kept to a minimum too.

15 December 2020 at 7:23AM, Simon Brownbill wrote

Over 2,000 residents have signed a petition asking for a bypass for Disley. This needs action now, not in several years time. Also our local police are telling us there are road safety issues in the area yet your highways department say there isn't? Finally we border both Greater Manchester and Derbyshire and for residents in Disley it is self evident our highways are under invested in compared to neighbours. Disley needs a highways review urgently.

15 December 2020 at 11:58AM, Barbara Francis wrote

If there were better train and bus links, then all of this road widening and bypassing wouldn't be needed. How does all of this spending on roads fit in with the environmental plan?

21 December 2020 at 8:50PM, V Altunel wrote

Will you try and spend some money on doing the roads, not patching but resurfacing. The roads around Cheshire East are disgraceful, not to mention the damage they are causing to people's cars. I work in the community, and I'm fed up of constantly have to spend money repairing my car, I don't earn big money and could do with not spending on repairs.

24 December 2020 at 1:54PM, Amy Parrish wrote

Replacing Congleton tip and resurfacing the roads!

28 December 2020 at 11:10PM, Jeanette Thayre wrote

As someone who works in the social care sector I find it unbelievable that I can not get a public transport between Crewe and Nantwich after I finish a shift at 8pm. Considering Nantwich and Crewe are the same constituency the public transport links between them are appalling! This needs to be sorted. As we should be trying

to lower our carbon footprint and get people on public transport this needs to be addressed within your strategy.

02 January 2021 at 5:43PM, Jessie Tomlinson wrote

Once again middlewich becomes the poor relation. I am objecting to the considered closing of our tip ..in the long term I do not think this will save money as fly tilling will increase ..not only will this mar the country side but will come at great cost.

06 January 2021 at 9:55AM, Lynn Lavelle wrote

Re: SL fees consultation 2021/22, Is there a reason that there is no proposed uplift to the sleeping night rate, and what is the rationale for hourly rate for waking night support being lower than the day rate?

07 January 2021 at 8:07AM, Derek Ainsworth wrote

I would like to strongly object to any cuts to the highways service, they do a sterling job with the disgraceful amount of existing funding. Long term sustainable investment into highway condition improvements are required across the borough. What long term investment strategy does the authority have????

07 January 2021 at 4:43PM, J Patterson wrote

Theres a lot of information and its not easy to know exactly what is what. Information needs setting out more clearly.

08 January 2021 at 12:22PM, David McGifford - Chief Officer Congleton Town Council wrote

1. Need to ensure that the £4 million allocation for the Congleton waste disposal site replacement is retained within the budget. 2. The promised new homes bonus phase 2 funding has disappeared - this needs to be re introduced as we and many other towns have been working towards schemes to access this.

08 January 2021 at 12:37PM, Councillor Robert Douglas wrote

Cheshire East Council MUST keep its commitment approved and budgeted for by its full Council in February 2020 of providing the new purpose recycling site at Congleton as part of its commitment to be carbon neutral by 2025. New homes bonus phase 2 funding must be re introduced

08 January 2021 at 1:34PM, Cllr Suzy Firkin wrote

Provision of a new recycling centre previously budgeted at £4m by CEC and approved in Feb 2020 must be reinstated. This is essential if we are to meet our carbon neutrality targets.

08 January 2021 at 4:20PM, Ann Banks, Sandbach Town Clerk on behalf of the Town Mayor wrote

CHESHIRE EAST BUDGET REVIEW

CEC states that spending is under significant pressure, due to the direct impact of reduced Central Government grant funding and with increasing demands against public services being felt over the last few years. Sandbach Town Council has a realistic understanding of these pressures, however is concerned that this a short

and badly timed consultation regarding our fiscal relationship is of little benefit, due to the very limited opportunity to reply in any depth.

This response has been prepared by the Town Mayor on behalf of the Council.

28. Electric Vehicle Car Pool Scheme (Revenue and Capital Investment).

29. Crewe Town Centre Civic Heat Network (Revenue Savings and Capital Investment) This proposed project is to deliver a local heat and power network to Crewe Town Centre.

There has been NO investment in the power network for Sandbach Town Centre, despite a large increase in population of 7,000+ since last census. The Town Centre cannot support the installation of vehicular charging stations, in line with Cheshire East's own 'Green' commitment, due to the lack of infrastructure and investment.

Loss of new homes bonus scheme to the sum of £1 million pounds.

This should be reinstated. It is a small sum against the total proposed CEC budget, but could provide a great deal of local benefits.

We note all the improvements to Highways and Town Centres within Cheshire East but are unable to see any long term strategic plans for Sandbach, a town struggling with the impact of the increased housing, which was permitted to fulfil the requirements of the NPPF and Local Plan. Sandbach's inner relief road is starting to resemble Rood Hill in Congleton, a road that is now being relieved of the weight of traffic flow through a full bypass of the town, something that Middlewich will also benefit from in the future. Both of these new bypass roads will add considerable traffic and will negatively impact the roads within Sandbach, causing further traffic congestion and pollution within this residential market town.

The increased provision for school places and social care is understood, as the pressures that create the demand for these services are beyond the simple implication of fiscal constraints are due to the continued rise of our local population and the population of the country as a whole.





Working for a brighter future together

Key Decision: N
Date First
Published: N/A

Corporate Overview and Scrutiny

Date of Meeting: 28 January 2020

Report Title: Third Quarter Review (FINANCE) 2020/21

Portfolio Holder: Cllr Amanda Stott - Finance, IT and Communication

Senior Officer: Alex Thompson – Director of Finance & Customer Services
(Section 151 Officer)

1. Report Summary

- 1.1. This report provides a copy of the Cabinet report on Third Quarter Review (FINANCE) 2020/21 which outlines how the Council is managing its resources to provide value for money services during the 2020/21 financial year. The report is structured in two sections including Financial Stability and Workforce Development, as well as associated appendices.
- 1.2. Corporate Overview and Scrutiny Committee are invited to provide comments to Cabinet for their meeting of 2 February 2021.

2. Recommendation/s

That Corporate Overview and Scrutiny Committee:

- 2.1. note the contents.
- 2.2. provide feedback on the report to Cabinet for their meeting of 2 February 2021.

3. Reasons for Recommendation/s

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. Overview and Scrutiny Committee are an important part of the reporting and decision making process so are receiving this report in advance of Cabinet to allow an opportunity to give feedback that Cabinet can consider when they receive this report on 2 February.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The legal implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.2. Finance Implications

- 6.2.1. The financial implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.3. Policy Implications

- 6.3.1. The policy implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.4. Equality Implications

- 6.4.1. The equality implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.5. Human Resources Implications

- 6.5.1. The human resources implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.6. Risk Management Implications

- 6.6.1. The risk management implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.7. Rural Communities Implications

- 6.7.1. The rural communities implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.8. Implications for Children & Young People / Cared for Children

- 6.8.1. The implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.9. Public Health Implications

- 6.9.1. Public health implications are contained in the Third Quarter Review (FINANCE) 2020/21.

6.10. Climate Change Implications

6.10.1. The climate change implications are contained in the Third Quarter Review (FINANCE) 2020/21.

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

8.1. As part of the budget setting process the Pre-Budget Report 2020/21 provided an opportunity for interested parties to review and comment on the Council's Budget proposals.

9. Access to Information

9.1. The following are links to key background documents:

[Medium Term Financial Strategy 2020/24](#)

[Mid Year Review \(Finance\) 2020/21](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Director of Finance and Customer Services (Section 151 Officer)

Email: alex.thompson@cheshireeast.gov.uk

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Third Quarter Review (FINANCE) 2020/21

February 2021

This report receives scrutiny and approval from Members of Cheshire East Council. As a public report, the Council welcomes feedback to the information contained here.

Anyone wanting to comment is invited to contact the Council at:

shapingourservices@cheshireeast.gov.uk

Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 380,000 local people with annual spending of over £815m.

Local government is going through a period of financial challenges, with a combination of the impact of the Coronavirus pandemic, increasing demand for services, rising costs and reduced Government grant. The Council's response is to focus on emerging needs of residents and businesses, increasing efficiency and productivity that enables us to deliver sustainable, quality services.

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics. Excluding the impact of Covid-19 this demand is resulting in revenue pressures of £5.4m. These are offset by underspends across council services resulting in a forecast outturn of £301.2m against a net revenue budget of £302.4m.

The Council's budget is under unprecedented pressure due to the Coronavirus and the response required to protect both the health and economic wellbeing of local people and businesses during the Covid-19 Pandemic. To date the Council has received funding related to an array of activities in response to the crisis. The current forecast shows that, by deferring some impacts to later years, the Council will aim not to draw on reserves to fund Covid-19 costs in 2020/21. Due to the unpredictable nature of the pandemic this could change. The Council will continue to manage and review the financial forecasts in response to the emergency and how this affects the Council's revenue budget position and protect General Reserves.

When the 2020/21 budget was set, in February 2020, it was highlighted that the use of reserves was not sustainable in the

medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. This issue, and how Covid-19 affects this is considered as part of the ongoing planning for the Medium Term Financial Strategy.

To support openness and transparency, and provide evidence of strong governance, the report has two main sections, to provide background and context, and then seven supporting appendices with detailed information about allocation and management of public money during 2020/21:

Section 1 provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2020/21 is being funded, including the positions on overall service budgets, grants, council tax and business rates and centrally held budgets. Further details are contained in the appendices.

Section 2 provides a summary of the issues relating to the Council's Workforce Development Plan.

- **Appendix 1** shows budget changes since the Mid Year Review.
- **Appendix 2** shows the latest position for Corporate Grants.
- **Appendix 3** analyses the position on Outstanding Debt.
- **Appendix 4** shows updates to the Capital Strategy.
- **Appendix 5** shows updates to the Treasury Management Strategy.
- **Appendix 6** shows updates to the Investment Strategy.
- **Appendix 7** lists details of Earmarked Reserves.

Alex Thompson

Director of Finance and Customer Services
(Section 151 Officer)

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2020/21 Outturn Forecast at Third Quarter Review - Financial Position (EXCLUDING THE IMPACT OF COVID-19)

2020/21 Third Quarter Review (GROSS Revenue Budget £647.2m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m	For further information please see the following sections
SERVICE DIRECTORATES				
People	181.3	183.6	2.3	Note this table excludes the impact of Covid-19. Section 1 - Paragraphs 5-26 Section 1 - Paragraphs 27-37 Section 1 - Paragraphs 38-48
Place	74.8	72.6	(2.2)	
Corporate	34.3	35.2	0.9	
Total Services Net Budget	290.4	291.4	1.0	
CENTRAL BUDGETS				
Capital Financing	12.0	12.0	-	Appendix 4 Appendix 7 Section 1 - Paragraph 49
Transfer to/(from) Earmarked Reserves	(0.7)	(0.7)	-	
Corporate Contributions / Central Budgets	0.7	(1.5)	(2.2)	
Total Central Budgets	12.0	9.8	(2.2)	
TOTAL NET BUDGET	302.4	301.2	(1.2)	
Business Rates Retention Scheme	(49.8)	(49.8)	-	Section 1 - Paragraphs 65-69 Appendix 2 Section 1 - Paragraphs 54-64
Specific Grants	(23.0)	(23.0)	-	
Council Tax	(229.5)	(229.5)	-	
Sourced from Collection Fund	(0.1)	(0.1)	-	
Central Budgets Funding	(302.4)	(302.4)	-	
FUNDING POSITION	-	(1.2)	(1.2)	
	Planned Contribution 2020/21 £m	Forecast Variance Outturn £m	Impact on Reserves Outturn £m	
Transfer to MTFS Reserve	-	1.2	1.2	Note the impact on reserves excludes the impact of Covid-19.
General Reserves Balance	Actual £m		Forecast £m	
Opening Balance April 2020	10.3		10.3	Section 1 - Paragraphs 51-52
2020/21 Impact on Reserves (see above)			-	

Impact of Covid-19 Outturn Forecast:– 1 March 2020 – 31st March 2021

2020/21 Third Quarter Review (GROSS Revenue Budget £647.2m)	Covid Financial Pressures		Forecast Over / (Underspend)	Notes										
	Expenditure	Income												
	£m	£m	£m											
SERVICE DIRECTORATES														
People	7.5	2.2	9.7	Includes capital expenditure of £2m										
Place	10.1	6.7	16.8	Includes capital expenditure of £4.005m										
Corporate	4.8	1.7	6.6	includes capital expenditure of £2.673m										
2019/20 Covid Expenditure	1.1		1.1	prior year expenditure										
Total Services Net Budget	23.5	10.7	34.1											
CENTRAL BUDGETS														
Deferred capital expenditure	-8.7		-8.7	Capital expenditure of £8.678m included in Directorate expenditure above will be capitalised and funded in future years.										
Transfer to COVID-19 Reserve	5.1		5.1											
Total Central Budgets	-3.5	0.0	-3.5											
TOTAL NET BUDGET	19.9	10.7	30.6											
Covid Emergency Grant (unringfenced)	-25.0	0.0	-25.0	<table style="width: 100%; border-collapse: collapse;"> <tr> <td>Received 19th March 2020</td> <td style="text-align: right;">9.2</td> </tr> <tr> <td>Received 18th April 2020</td> <td style="text-align: right;">10.5</td> </tr> <tr> <td>Received 2nd July 2020</td> <td style="text-align: right;">2.7</td> </tr> <tr> <td>Received 22nd October 2020</td> <td style="text-align: right;">2.6</td> </tr> <tr style="font-weight: bold;"> <td>Total Unringfenced Grant</td> <td style="text-align: right;">25.0</td> </tr> </table>	Received 19th March 2020	9.2	Received 18th April 2020	10.5	Received 2nd July 2020	2.7	Received 22nd October 2020	2.6	Total Unringfenced Grant	25.0
Received 19th March 2020	9.2													
Received 18th April 2020	10.5													
Received 2nd July 2020	2.7													
Received 22nd October 2020	2.6													
Total Unringfenced Grant	25.0													
Emergency Grant provided to ESAR	0.5		0.5											
Sales, Fees & Charges compensation		-6.1	-6.1											
CENTRAL BUDGETS FUNDING	-24.5	-6.1	-30.6											
NET	-4.6	4.6	0.0											
Collection Fund			11.1	The impact on the Collection fund does not affect this financial year therefore it is not reported as part of 2020/21 outturn.										

1. Financial Stability

Introduction

1. The Council has a strong track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of the Coronavirus pandemic, increased costs, growing demand and reducing Government grant. The Council has received funding in response to the pandemic, and, by also deferring £8.7m of capitalised costs and £11.1m of Collection Fund losses, is not forecasting a requirement to use reserves to cover Covid-19 related costs in 2020/21.
2. Demand and increasing complexity in cases for Children's and Adults' Social Care remains the most significant financial pressure for the Council in the medium term, particularly in Children's services where overspending is occurring compared to budget.
3. **Table 1** provides a service summary of financial performance at third quarter. The current forecast is that services will be £1m over budget in the current year on normal activities. The Financial Narratives provide further details and changes to service net budgets since mid year review are analysed in **Appendix 1**.
4. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on Central Contingencies and Contributions.

Table 1 - Service Revenue Outturn Forecasts

2020/21 Third Quarter Review (GROSS Revenue Budget £647.2m)	Revised Budget (NET) £m	Actual Forecast Outturn £m	Over / (Underspend) £m
SERVICE DIRECTORATES			
Directorate	0.8	0.7	(0.1)
Children's Social Care	40.2	42.7	2.5
Education & 14-19 Skills	15.1	15.8	0.7
Prevention & Early Help	8.4	7.8	(0.6)
Adult Social Care - Operations	28.0	27.8	(0.2)
Commissioning	88.8	88.8	-
Public Health	-	-	-
People	181.3	183.6	2.3
Directorate	1.0	0.9	(0.1)
Environment & Neighbourhood Services	41.3	41.5	0.2
Growth & Enterprise	20.6	19.1	(1.5)
Highways & Infrastructure	11.9	11.1	(0.8)
Place	74.8	72.6	(2.2)
Directorate	0.8	0.7	(0.1)
Finance & Customer Services	8.7	9.7	1.0
Governance & Compliance Services	10.0	9.3	(0.7)
Transformation	14.8	15.5	0.7
Corporate	34.3	35.2	0.9
Total Services Net Budget	290.4	291.4	1.0

Note this table excludes the impact of Covid-19

Financial Narratives

People Directorate

5. The base budget for the Children and Families Directorate for 2020/21 at third quarter is £64.5m.
6. There are a number of key pressures within the Directorate resulting in a forecast overspend against the base budget. Additional revenue costs arising from Covid-19 represent a significant factor and these are forecast at £2.3m. The position excluding Covid-19 costs is a £2.5m overspend.
7. The Covid-19 costs facing the Directorate include £0.9m in Children's Social Care from additional placements and higher costs being incurred as a result of delayed court proceedings plus £0.7m from the loss of income from parents for school meals during the lock down period covering the summer term 2020 when schools were only open for the children of key workers. These are net of any cost reductions that the services could achieve.
8. Particular issues are set out in the paragraphs below.

Children's Social Care

9. The overspend excluding Covid-19 costs is forecast at £2.5m.
10. This is mainly as a result of:
 - The increasing numbers of children in care (from 533 at the end of March 2020 to 542 at the end of October 2020). However, the position is beginning to stabilise. This is due to fewer admissions into care (a key objective in the Council's Creating Sustainable Futures Strategy) but this has been restricted somewhat by delays in progressing care plans through the Courts for areas such as care proceedings and adoption cases.

- The new residential services contract is expected to be optimised in-year. The use of the contract means additional costs of £1.7m which should be offset by cost avoidance from children moving from more costly spot purchase placements, currently commissioned from the North West Framework, into those settings.

There will be delays in making the expected savings and some associated costs where there have been challenges in mobilising the contract to full capacity. This additional overall cost is forecast at £0.5m.

- The Council has taken a robust approach to commissioning the new contract and agreed a 25% reduction in charges while the contract is rolled out.

11. The service is taking forward a number of demand management projects to reduce the pressure on the agency placements budget. These include:
 - Regular reviews of placements to ensure needs are met at the appropriate cost and improved gatekeeping.
 - Greater analysis of the budget basis, the increase in costs over time and unit costs.
 - Working as part of a regional adoption collaboration to increase adopters.
 - Further projects in 2020/21 to move to a "bespoke" service offer and undertake further challenge of costs.
12. The forecast assumes no further growth in placement numbers at this stage.

Prevention and Early Help

13. The department is forecasting an underspend of £0.6m due to holding vacancies. That is excluding Covid-19 costs of £0.16m for an additional manager, loss of income from rental

income and training and the need to provide food vouchers for families entitled to free school meals over the October 2020 half term.

Education and Skills

14. The Department is currently reflecting an overspend of £0.7m excluding Covid-19 costs. The key issues are:

- Special Educational Needs ~ £0.1m staffing expenditure (including permanent and agency staff).

The demands on the service from higher numbers of Education, Health and Care Plans (EHCPs) continues and there are statutory deadlines to meet.

The service is undertaking a number of projects to improve systems for different areas of SEND spend and this is requiring additional support. The service is also looking at different arrangements for procuring additional education psychologists time over a number of years.

- Transport ~ third quarter reflects a £0.7m pressure from transport. A detailed breakdown of the contracts and other issues causing the pressure is under review. TSS have implemented a new route planning system which could support delivery of future efficiencies.
- Education and Skills ~ the two services supporting schools are reflecting a £0.4m underspend through vacancies.
- Catering ~ there has been a significant loss of income due to Covid-19 of £0.7m. This has been offset by reductions in spend and other contributions to reflect a £0.3m pressure excluding the Covid-19 pressure. The forecasts assume that income from parents returns to normal from September 2020. That assumption will need to be revisited in light of the announcements on 4 January 2021.

Dedicated Schools Grant (DSG)

15. This is ring-fenced funding received for:

- schools
- high needs / special educational needs
- early years provision
- a number of central services including statutory costs and certain support costs.

16. The key pressure on DSG relates to the high needs block. For 2020/21 the amount of high needs DSG funding expected is £40m representing an increase of £3.1m (8.5%) on 2019/20.

17. However, the overspend from high needs of £4.2m has taken the Council's DSG reserve into a credit position of £2.6m at the 1 April. Therefore, the first call on that additional funding is to top up the reserve to nil.

18. The forecast for 2020/21 from high needs placements is a £7.6m overspend. This reflects the significant increase in EHCPs of 10% in 2019/20 and 30% for 2020/21.

19. The Council continues to create additional local capacity, but demand exceeds the current rate of local expansion. A robust process of significant challenge where increased costs are requested from providers is now in place. The service has made progress on reducing further pressure but overall this remains a challenge.

20. A significant number of measures to address this are being taken forward including:

- Restructuring the SEND team and increasing capacity.
- Using new systems to improve monitoring and forecasting.

- Developing an access to SEND services Framework to better understand the future demand and intervene early.
- Expanding local SEND provision and opening new facilities to reduce the need for expensive independent placements.
- Piloting a new banding system for funding pupils with SEND to give schools greater flexibility on how the funding is used.
- Challenging price increases from providers.

21. The DfE have produced a tool to support Local Authorities to manage their high needs deficit known as a Management Plan template. We are using this to support the management of the deficit.

Adult Social Care, Public Health and Communities

22. The Adult Social Care (Operations and Commissioning) and Public Health budget remain under continued pressure across the country. The pressure here in Cheshire East comes from a combination of factors, which have been building over a number of years, and relate to meeting the needs of our most vulnerable residents and this has been recognised in the 2020/21 budget where growth has been allocated.

23. Adult Social Care Commissioning have responded to this challenge by re-commissioning and developing new models of care to ensure there is a better offer to service users and more sustainability for care providers. In addition to this the Adult Social Care Commissioners have also introduced an Early Help Framework to support better outcomes in the Voluntary, Community and Faith sectors.

24. Covid-19 is creating huge pressures and risks across the wide spectrum of services provided. This includes within the social care market and for our partners such as the NHS, as

well as the Voluntary, Community and Faith sectors. Adult Social Care Operations & Commissioners are working collaboratively with providers and our partners to ensure that people's needs continue to be met and that they are protected throughout this challenging time.

25. The service is reporting a forecast underspend of £0.2m at the Third Quarter Review point, excluding direct pressure from Covid-19 costs.

26. The forecast overspend for the People Directorate is therefore £2.3m at year end as identified in **Table 1** above.

Place Directorate

27. The underlying position for Place excluding Covid-19 pressures is a forecast £2.2m lower than budget.

Place Directorate £0.1m underspend

28. Savings arise from holding staff vacancies. Contributions to the Constellation Partnership are not expected to be made in 2020/21.

Environment & Neighbourhood Services

29. There is a pressure of £6.1m for Covid-19 costs, excluding these the service would overspend by £0.2m.

30. £2.7m of the Covid-19 pressure is from Ansa for additional staff, cleaning and PPE costs plus costs of household waste recycling centres and tonnage growth. Additional costs have arisen to support leisure centres (£1.4m) and for a body storage facility (£0.1m). The pandemic has also led to a loss of income across the Planning service including Building Control and Land Charges. Licensing income has also been reduced as has income within the Libraries service.

31. Excluding pressures related to Covid-19, there are also pressures for reduced recycling income, the revenue costs of rolling out food waste recycling and the refurbishment of Congleton Leisure Centre. These have been mitigated by staffing vacancies across most services and by reducing the expenditure on books within libraries.

Growth & Enterprise

32. Covid-19 costs and loss of income total £1.7m within Growth & Enterprise. The underlying position excluding these is an underspend of £1.5m.
33. There is a forecast £0.8m loss of income at Tatton Park due to the pandemic. Other Covid-19 income losses are forecast across Assets, Public Rights of Way, Countryside and Visitor Economy. Some costs have fallen at Tatton because of complete or partial closures and these help to mitigate some of the income pressures. Services facing an increase in costs due to Covid-19 include Housing for increased support to the homeless, and Facilities Management.
34. Covid-19 pressures have been partly mitigated by staffing savings across several services including Housing, Economic Development and Facilities Management. Significant savings are forecast within Facilities Management due to lower costs of energy and water from the closure or reduced use of buildings and reduced costs of reactive maintenance.

Highways & Infrastructure

35. Covid-19 costs total £5m within Highways & Infrastructure. The underlying position excluding these is an underspend of £0.8m.
36. £3.8m of the £5.1m Covid-19 pressure is a forecast loss of income within Parking. This has increased from mid-year due to anticipated lower income during the second lockdown.

Other Covid-19 pressures are a reduction in income from developers and additional costs of social distancing and support to other services within Highways.

37. Underspends arise from vacancies within Highways and Civil Enforcement Officers within the Parking service. Highways income levels are also better than budget. TSS are reporting underspends on the Place side due to savings on public bus contracts due to the Better Deal for Buses Grant, concessionary fares and reduced costs of the Flexilink service.

Corporate Directorate

38. The £34.2m budget for Corporate Services, which includes the Housing Benefits (HB) Payments Centre is currently forecast to outturn at a £0.9m overspend (£1.1m at mid year review), this excludes £3.9m of revenue pressures as a result of the Covid-19 pandemic (£3.6m at mid year review).
39. Pressures elsewhere in the service continue to offset an underspend across the controllable service budgets achieved through an in-year budget remediation plan, which has been put in place to address legacy gaps in the base budget for Corporate Services. The controllable budgets are forecast to underspend by £2.5m (£2.0m at mid year review) however, this is being offset by the HB Payments Centre under-recovery (£1.2m), and additional one-off costs relating to implementing the Best4Business System totalling £2.3m (£2.1m at mid year review) split across various Corporate support services of £1.9m and the Transactional Service Centre (TSC) hosted by Cheshire West and Chester (CWACh) of £0.4m.
40. Best4Business pressures reported are mainly one-off additional costs that cannot be charged to the capital project or unachievable in-year savings that rely on the system going

live to achieve. These will be mitigated from the revenue budget wherever possible. The £2.3m pressure consists of £0.9m in Finance & Customer Services as a result of additional staffing costs and equalisation payments (£0.7m) and unachievable savings linked to the new system (£0.2m); £1.4m in Transformation relating to additional licences costs, additional software costs in ICT Strategy (£0.2m), irrecoverable income for ICT shared service staff time spent on B4B programme (£0.3m); unachievable savings within Human Resources (HR) linked to the new system (£0.5m); and additional staff costs in TSC shared service hosted by CWaC (£0.4m). The Shared Services Joint Committee is continuing to look into the detail of the additional costs.

Directorate

41. The Corporate Services Directorate area includes the cost of the Chief Executive and associated budgets, and the Executive Director of Corporate Services. The Directorate is forecast to underspend by £0.1m due to budget remediation actions to limit non-essential spend.

Finance & Customer Services

42. Finance and Customer Services, excluding Covid-19 related pressures, is forecast to overspend by £1.0m. Covid-19 related pressures in the service amount to £2m arising mainly from a £0.7m shortfall in Government funding for the administration of the Covid-19 hardship fund; an estimated £0.4m loss of overpayment recoveries on the HB Payments Centre; lost court costs income in Revenues (£0.5m); additional staffing costs through overtime and use of agency staff in Revenues (£0.2m) and Benefits (£0.1m); and additional staffing and B4B training costs in Finance (£0.1m).
43. The £1.0m non Covid-19 related service overspend masks £1.1m underspending achieved by implementing the budget remediation plan, Finance and Procurement is forecast to

underspend by £0.4m, and Customer Services by £0.7m. This has been achieved through delaying restructures, delaying filling vacancies, reduced travel claims, and savings on certain non-staff costs. These savings are being offset by a £1.2m under recovery on the HB Payments Centre due to a reduction in HB subsidy received, from the budgeted 99% (£65.9m) to a forecast 97.1% (£64.7m). This believed to be as a result of an increase in supported accommodation costs, which is being investigated as a matter of urgency. In addition, there are £0.9m additional costs and unachievable in-year savings linked to implementing the Best4Business System.

Transformation

44. Transformation, excluding Covid-19 related pressures, is forecast to overspend by £0.7m. Covid-19 related pressures total £1.0m of additional revenue expenditure.
45. The £0.7m non Covid-19 related service overspend masks £0.7m underspending on controllable budgets achieved by implementing the budget remediation plan, including the Human Resources (HR) budget being forecast to underspend by £0.9m due to underspending on Workforce Development (WFD) and Organisational Development due to the impact of the pandemic is having on delivering training, as well as staff vacancies; and a £0.2m underspend in ICT Strategy – however, this is offset by a £0.4m overspend in ICT Service Delivery.
46. The underspend across controllable budgets in Transformation is mainly offset by overspending attributable to additional costs of £1.4m relating to implementing the Best4Business System split across ICT of £0.5m; TSC hosted by CWaC £0.4m; and £0.5m additional costs and unachievable in-year savings within HR. ICT Service Delivery shared service is included in the above figures, an overall

pressure of £1.6m is being reported of which the CEC share is £0.8m relating to a reduction in commissioned project income due to unrecoverable time spent on implementing the Best4Business System and Covid-19 work, and additional software costs.

Governance & Compliance

47. Governance & Compliance, excluding Covid-19 related pressures, is forecast to underspend by £0.7m. The service is forecasting Covid-19 related pressures of £0.8m mainly in the Registrations Service due to lost marriage ceremonies income, and the Coroners service.
48. The non Covid-19 related service expenditure is forecast to underspend by £0.7m with both Legal Services and Governance & Democratic services forecasting an underspend of £0.3m along with a £0.1m underspend within Audit and Risk. This has been achieved by managing staff vacancies and other targeted measures to cut spend against non-staffing budgets in Governance & Democratic and Audit & Risk, and changes to the budget combined with reducing the use of locums within Legal Services has resulted in the temporary staffing budget not being required.

Central Contingencies and Contributions

49. It is currently forecast that there will be a £2.2m underspend variance to budget on the central budget. This is mainly due to lower past service employer pension contributions following a valuation after the budget was set. Budgeted transfers of £0.7m from earmarked reserves are expected to take place in-year as planned. Grants relating to business rates have been received centrally in-year that are additional to budget which will be transferred to reserves for future use.

50. Details of grants received and reserves can be found at **Appendix 2** and **Appendix 7** respectively.

Outturn Impact

51. The impact of the projected service outturn position is to maintain balances as reported above (**paragraph 3**). With the central budget items detailed above (**paragraph 49**), the financial impact could result in an increase in balances of £1.2m. Any surplus in non-Covid-19 related expenditure / income will be allocated to the Medium Term Financial Strategy Earmarked Reserve which is used to smooth the effects of variations in spending / income in any specific year.
52. The Council will continue to manage and review the financial forecasts in response to emerging guidance and the local response to the emergency and how this affects the Council's revenue budget.

Collecting Local Taxes for Local Expenditure

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

Council Tax

54. Council tax is set locally and retained for spending locally. Council tax was set for 2020/21 at £1,503.98 for a Band D property. This is applied to the taxbase.
55. 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 2020/21 was agreed at 152,597.84 which, when multiplied by the Band D charge, means that the expected income for the year is £229.5m.

56. 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 £282.5m.
57. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the actual amount billed will therefore be more than the budget.
58. 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 £281.1m.

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

	£m
Cheshire East Council	229.5
Cheshire Police and Crime Commissioner	32.1
Cheshire Fire Authority	12.1
Town and Parish Councils	8.8
Total	282.5

59. **Table 4** shows collection rates within 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			
	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
After 1 year	98.3	98.2	98.2	97.9
After 2 years	99.1	99.1	99.0	**
After 3 years	99.3	99.4	**	**

**data not yet available

60. The council tax in-year collection rate for the period up to November 2020 is 73.9%. This is a decrease of 1.5% on the previous year and is caused by the effect of Covid-19 on taxpayer's ability to pay. In addition, normal processes to recover unpaid council tax were postponed during the pandemic. As the situation has changed those processes have recommenced in order to encourage payment where there is ability to pay.
61. Council tax support payments were budgeted at £16.9m for 2020/21 and at the end of the November the total council tax support awarded was £19.4m (including £2.1m hardship payments).
62. Following consultation changes were made to the Council Tax Support scheme for 2020/21. The scheme was confirmed by full Council in December 2019.

- 63. Council tax discounts awarded are £25.4m which is a slight increase on the same period in 2019/20. This is mainly due to an increase in single person discounts following the postponement of the discount review during Covid-19.
- 64. Council tax exemptions awarded is £6.3m which is an increase on the same period in 2019/20. This has been impacted by the postponement of exemption reviews during Covid-19.

Non-Domestic Rates (NDR)

- 65. 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.
- 66. The small business multiplier applied to businesses which qualify for the small business relief was set 49.9p in 2020/21. The non-domestic multiplier was set at 51.2p in the pound for 2020/21.
- 67. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester from 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.

- 68. **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			
	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
After 1 year	97.7	98.3	98.5	98.2
After 2 years	99.2	99.4	99.4	**
After 3 years	99.8	99.7	**	**

**data not yet available

- 69. The business rates in-year collection rate for the period up to November 2020 is 68.9%. This is a reduction of 4.4% compared to the same period in 2019/20 and is caused by the effect of Covid-19 on ratepayer’s ability to pay. In addition, normal processes to recover unpaid business rates have been postponed during the pandemic. As the situation changes those processes will be recommenced in order to encourage payment where there is ability to pay.

2. Workforce Development

70. 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 2020/21.

Culture and Values

71. Following the Local Government Association's independent culture review in 2017 and acceptance of the report recommendations, overall delivery of the planned phases of the Brighter Future Together (Culture) Programme has been completed. The recommendations have been addressed through the programme and all are complete.

72. 'My Conversation' toolkits have been launched to guide staff in conversations in one to one meetings, team meetings and for the performance development meetings. The toolkits are aligned with the Vision for the Council's workplace culture and behaviours, and employee deal. This allows all staff to embed the behaviours in their day to day work alongside other developments such as utilising the behaviours within a recruitment toolkit, leadership and management skills programme, coaching programme and recognition events.

73. The Conversation Toolkit has been further developed to include a Workplace Wellbeing Toolkit. This supports discussions between line managers and their staff focussing on working from home and checking in on welfare and wellbeing. Further conversations will be developed to reflect future ways of working.

74. A pulse survey Flexible, Future Workplace was opened to staff during July with a very good response rate of 55%. The initial results are very positive in relation to having the technology to continue working from home, positive support from line managers and communication from the organisation. As expected, some concerns were reported around returning to the workplace whilst the Covid-19 pandemic continues. These matters have been addressed through the Workplace Recovery Workstream.

75. Work has continued to promote the 'Made my Day' scheme that enables staff to be recognised at every level across the Council. Made my Day has continued to be well used to thank colleagues. 931 nominations were made between July and November 2020. As the usual Making a Difference presentation cannot be held all the nominees received from June to the end of September have been sent their recognition certificate and a letter direct to their home during October.

76. Since April there has been a concentrated effort to provide wellbeing, resilience and mental health support on a regular basis through the Covid-19 brief. A weekly call, Time to Listen and Chat, was introduced in April to support staff during these very difficult times and continues to run with a relevant themes relating to wellbeing. Similar themed calls have latterly been introduced to support Managers to assist them with managing their teams virtually.

77. The month of October was dedicated to the virtual Winter Wellbeing programme of activities. There was a different

activity for staff to take part in every day during the month. The activities ranged from Dancercise to meet the mental health first aiders to film and book clubs. Some of the activities are continuing on a regular basis. All the sessions were delivered by members of staff.

78. Following the recent notification to people identified as clinically extremely vulnerable (CEV) a support group has now also been set up to support employees who find themselves in this group or are support a family member.

Building Capability and Capacity

79. The Corporate Training Programme and Continuous Professional Development Portfolios seek to 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.
80. The Covid-19 pandemic has prevented the continuation of face to face training throughout 2020/21, but so far in 2020/21, 28 bespoke virtual courses have been offered to CEC employees with 66 individual sessions taking place. 16 employees successfully secured funding approval via the Continuous Professional Development Panel for role specific development and qualifications, seeing over £13,505 of investment. A suite of workplace and well-being e-learning packages is now in place to support staff with new ways of working.
81. Developing management capability at all levels has continued with 32 managers being on track to complete the Institute of Learning and Management (ILM) Level 3 and Level 5 Diploma qualifications. 39 Managers have completed their ILM

qualifications and a further four managers are due to start in August 2020.

Resourcing and Talent

82. The Council continues to support work placements at all levels with 17 social work students undertaking placements within Children's or Adult's social work teams and four due to start in January 2021.
83. The apprenticeship scheme continues to grow with 112 apprentices undertaking work-based learning across the Council. Of this figure, 88 are existing members of staff taking up the opportunity to develop their skills through the apprenticeship scheme.
84. Eight members of staff from the People Directorate are starting a Social Work degree apprenticeship in January 2021, developing talent from within.

Education HR Consultancy

85. In response to the Covid-19 pandemic, the training sessions for Safer Recruitment in Schools and Performance Management for governors have been successfully delivered virtually.
86. Support for schools continues to address the changing implications of national Covid-19 guidance as schools have opened and operated during Autumn 2020.

Health and Safety

87. The Council's Health and Safety team have continued to provide advice and guidance, ensuring that colleagues across

the Council, ASDVs and Schools are supported to work safely.

time equivalent (FTE) employees have increased during the second quarter of 2020/21.

Staffing Changes

88. As shown in the table below, Cheshire East Council's overall headcount has decreased slightly. However the number of full

Table 6: Cheshire East Council Employee Headcount and FTE Figures

Executive Directorate & Service	Employee Headcount June 2020	Employee Headcount September 2020	Employee FTE June 2020	Employee FTE September 2020
People	2152	2151	1613.6	1627.3
Adult Social Care & Health	901	901	716.3	718.9
Children's Services	1103	1099	763.2	769.8
Commissioning	141	138	128.2	125.7
Corporate	681	678	624.6	621.0
Audit & Risk	16	17	14.0	14.8
Legal Services	47	47	42.7	42.4
Democratic Services	94	91	74.1	72.6
HR	38	37	33.7	32.5
ICT	179	179	173.2	172.9
Business Change	57	55	55.9	53.9
Customer Services	172	172	154.2	154.2
Financial Support & Procurement	74	74	72.8	72.7
Place	766	762	583.0	580.2
Growth & Enterprise	359	362	251.8	253.8
Highways & Infrastructure	53	50	48.6	47.8
Environment & Neighbourhood Services	347	344	275.7	272.6
Cheshire East Council Total	3601*	3592*	2823.2*	2829.5*

***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 / or "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 only be counted 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 for that service.

Agency workers

89. Agency workers providing short term cover, project work and flexible specialist skills to maintain service delivery in areas such as social services, ICT and other professional services. Services keep the use of agency workers under regular review to manage this expenditure and, where appropriate, undertake permanent recruitment to provide longer-term stability.
90. The table below provides a summary of active agency worker assignments during 2020/21, together with agency worker assignments as a percentage of all Cheshire East assignments.

Table 7: Active agency worker assignments

	Active Assignments on 30.06.20	Active Assignments on 30.09.20	% of all Workforce Assignments on 30.06.20	% of all Workforce Assignments on 30.09.20
People	74	74	3.3%	3.4%
Corporate	90	87	11.7%	12.8%
Place	4	5	0.5%	0.7%
Total	168	166	4.4%	5.0%

91. The overall number of active agency assignments has remained stable during the first two quarters of 2020/21 with a small decrease in the overall active assignments. The slight increase in the percentage of all workforce assignments is due to an overall decrease in workforce headcount between Quarter 1 and 2.

Absence

92. During the Covid-19 pandemic, absence figures were compiled on a daily basis initially (currently compiled weekly) by service areas to give a snapshot of the number of people absent from work due to sickness (Covid-19 related and for other reasons) or they have been self-isolating / shielding (because they could not undertake their job role from home). The majority of employees who were self-isolating or shielding continued to work from home during this period. Opportunities for redeployment continued to be considered for those who could not work from home in their substantive role.
93. At the mid-year stage, days lost to sickness (excluding Covid-19 self isolation) stood at 4.98 days against our annual target of 10 days or less. This is an improvement on the mid-year position in 2019/20 which was 5.13 days.

Table 8: Days lost to sickness absence per FTE employee

Cheshire East Council (excluding Schools)	2016/17	2017/18	2018/19	2019/20	2020/21
Q2 Absence April - Sept	5.19	5.21	4.89	5.13	4.98

Voluntary Redundancies

94. The Council's voluntary redundancy scheme provides support to organisational change and the delivery of the planned programme of change in the Corporate Plan. The effective use of voluntary redundancy 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.

Appendices to Third Quarter Review (FINANCE) 2020/21

February 2021

Appendix 1

Changes to Revenue Budget 2020/21 since Medium Term Financial Strategy

	Mid Year Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Third Quarter Net Budget £000
PEOPLE				
Directorate	881	-	-	881
Adult Social Care Operations	28,120	-	(87)	28,033
Children's Social Care	40,190	-	-	40,190
Commissioning	88,778	-	(20)	88,758
Education & 14-19 Skills	15,068	61	(41)	15,088
Prevention & Early Help	8,351	-	1	8,352
Public Health	-	-	-	-
	181,388	61	(147)	181,302
PLACE				
Directorate	977	-	1	978
Environment & Neighbourhood Service	40,844	-	455	41,299
Growth & Enterprise	20,551	-	-	20,551
Highways & Infrastructure	11,909	-	36	11,945
	74,281	-	492	74,773
CORPORATE				
Directorate	693	-	101	794
Finance & Customer Services	8,678	-	-	8,678
Governance and Compliance Services	10,018	-	-	10,018
Transformation	14,728	-	53	14,781
	34,117	-	154	34,271
TOTAL SERVICE BUDGET	289,786	61	499	290,346

	Mid Year Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Third Quarter Net Budget £000
CENTRAL BUDGETS				
Capital Financing	12,000	-	-	12,000
Corporate Contributions	717	-	-	717
Contribution to / from Reserves	(694)	-	-	(694)
	12,023	-	-	12,023
TOTAL BUDGET	301,809	61	499	302,369
CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(49,786)	-	-	(49,786)
Specific Grants	(22,372)	(61)	(499)	(22,932)
Council Tax	(229,504)	-	-	(229,504)
Sourced from Collection Fund	(147)	-	-	(147)
TOTAL CENTRAL BUDGETS FUNDING	(301,809)	(61)	(499)	(302,369)
FUNDING POSITION	-	-	-	-

Appendix 2

Corporate Grants Register

Government Grant Funding of Local Expenditure

1. 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 2020/21 was £254.8m.
2. In 2020/21 Cheshire East Council's specific use grants held within the services was budgeted to be £233.2m based on Government announcements to February 2020. This figure was revised up at mid-year to £241.1m (an increase of £7.9m). At third quarter, this figure was revised up again to £257.7m (an increase of £16.6m on mid-year).
3. The increase at third quarter relates mainly to new Covid-19 related grants: People Directorate £14.7m; Place £1.6m; Corporate £0.3m. Additional grants of £1.2m have also been received in respect of various Local Enterprise Partnership (LEP) schemes. Requests for the allocation of the additional grants received are detailed in **Table 1**.
4. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
5. In the Chancellors Budget on 11 March, two business grant schemes were announced to provide support for businesses as a result of the Covid-19 pandemic.
6. The Small Business Grant Fund (SBGF) is payable to small businesses – essentially those who are currently eligible for Small Business Rate Relief (SBRR) and Rural Rate Relief (RRR). The amount was increased from £3,000 in the Budget to £10,000 in the Chancellor's statement on 17 March.
7. The Retail, Hospitality and Leisure Grant (RHLG) is payable to smaller businesses in this sector, with £10,000 for businesses with rateable values of less than £15,000, and £25,000 for those with rateable values between £15,000 and £51,000 (i.e. those on the Small Business Rate Multiplier).
8. At the beginning of April, Cheshire East was paid £95.5m to passport directly to eligible businesses and by the end of August there had been payments made of £91.7m. The scheme officially closed at the end of August 2020 and any unspent grant will be repaid to central government.
9. Since August, further payments totalling £20.9m have been paid to Cheshire East to support businesses during the second national lockdown period.
10. General purpose grants were budgeted to be £21.6m. Further in-year grant announcements have increased the amount received to £117.0m at third quarter.
11. The Covid-19 pandemic has seen additional financial support issued by Central Government.
12. The Government announced in the Budget on 29 October 2018 that it would provide a Business Rates Retail Discount, to apply in the years 2019/20 and 2020/21. In response to the Coronavirus pandemic, in the Budget on 11 March the

Government announced that it would increase the discount to 100% and extend it to include the leisure and hospitality sectors. Following the announcement on 23 March 2020 of further measures to limit the spread of Coronavirus, the Government confirmed that some of the exclusions for this relief have been removed, so that retail, leisure, and hospitality properties that will have had to close as a result of the restriction measures were also eligible for the relief.

13. The estimated full cost for this additional relief for Cheshire East was £58.8m. Usually, local authorities would only be paid their Business Rates Retention share (49%) of any new burdens measures, but in this instance 100% of the funding is being paid to councils to help with cash flow shortfalls. At the end of the financial year, following a detailed reconciliation, the share relating to MHCLG (50%) will be repaid to Government.
14. On the 20 November, a further payment of £1.8m relating to Covid-19 Additional Business Rates Relief was received.
15. Additional general purpose grants of £9.7m have also been received during the year to date. These include further Covid-

19 related grant payments of £9.6m and an additional £0.1m in respect of Children and Families related grants. Requests for the allocation of the additional grants received are detailed in **Table 1**.

16. Business Rates 'Tax Loss Compensation grants' of £9.2m have also been received during 2020/21. This grant reimburses the Council for providing extra discounts to businesses in line with government guidance. £4.2m of the grant is required to fund services and is included as part of the revenue budget approved in February 2020. The remaining amount will be transferred to the Collection Fund Management earmarked reserve at year end in accordance with the Reserves Strategy.
17. **Table 3** provides a summary of the updated budget position for grants in 2020/21 by type and service. Further details of grants are shown in **Table 4** Corporate Grants Register
18. **Table 2** provides a summary of Covid-19 grants that have already been approved.

Table 1 – Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
People – Adult Social Care & Health	Covid-19 Infection Control Fund (Tranche 2) (Specific Purpose)	4,713	The primary purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of Covid-19 transmission in and between care homes and support wider workforce resilience.
People – Public Health	Covid-19 Contain Outbreak Management Fund (Specific Purpose)	6,500	As at the end of Dec 2020 CEC has received 2 payments of Contain Outbreak Management funding totaling £3.1m which have been approved via urgent decisions. The LA has been notified that it will receive additional funding from the 2 December every 28 days linked to which Tier Cheshire East is in (details below) to be reviewed in Jan 2021. This estimate of up to £6.5m is based on £4 per head of population from December 2020 to March 2021. As well as the review in Jan 2021 National restrictions have been introduced in early January 2021, therefore the values may change and this is an estimated SRE at the current time.
Central Budgets	Covid-19 Emergency Funding Tranche 4 (General Purpose)	2,578	The Covid-19 Emergency Funding is additional grant received due to the rising costs caused by the pandemic.
Central Budgets	Covid-19 Business Rate Tranche 2 (General Purpose)	1,775	The Government agreed, given the exceptional circumstances regarding the pandemic and the scale of business rates reliefs in 2020-21, that it would make further s.31 grant payments in respect of the underestimates made by authorities of the amount of expanded retail discount and nursery discount, during the course of the year.
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	4,372	Further funding to support small businesses in local areas have been made available through the Discretionary Local Authorities Grants.
Allocation For Council Approval		19,938	

Service	Type of Grant	£000	Details
Place – Directorate	Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11 (Specific Purpose)	620	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).</p> <p>To enable the 11 Northern LEPs (the NP11) to develop a more unified Northern Powerhouse economic development programme and voice. The NP11 will work together on issues where a pan-Northern approach to economic development can add value.</p>
Central Budgets	Covid-19 Local Restrictions Support Grant (Specific Purpose)	921	The Grant is offered to you as part of the wider set of measures to support the nation's economy and its businesses in response to Coronavirus Covid-19) and specifically for businesses that have been severely impacted, required to close while subject to Tier 2: High alert restrictions entered into on 2 December 2020.
Allocation for Cabinet Approval		1,541	
People – Children & Families	Covid-19 Coronavirus Schools Fund (Schools Emergency Support) (Specific Purpose)	257	<p>The provision is to support schools during the Covid-19 pandemic by providing funding for additional costs. All schools are encouraged to continue to manage their budgets in the most effective way possible, and to redirect their existing resources to best support all their pupils, particularly vulnerable children and children of critical workers. The DfE have identified areas where it is believed most likely that schools may face additional costs, as a result of the coronavirus (Covid-19) outbreak. These are:</p> <ul style="list-style-type: none"> • increased premises related costs • support for free school meals for eligible children who are not attending school • additional cleaning
People – Children & Families	Covid-19 Catch Up Premium (Specific Purpose)	353	The government has announced £1 billion of funding to support children and young people to catch up. This includes a one-off universal £650 million catch-up premium for the 2020 to 2021 academic year to ensure that schools have the support they need to help all pupils make up for lost teaching time. The Council has a responsibility to support delivery of service in school, if the funding is not transferred then this may lead to

Service	Type of Grant	£000	Details
			overspends on school budgets or young people not receiving a high-quality education. The provision is to ensure all children and young people return to education from the beginning of the autumn term. Schools should use this funding for specific activities to support their pupils to catch up for lost teaching over the previous months.
People – Children & Families	Remand Grant (Specific Purpose)	31	Children and Young People (CYP) who are remanded in youth detention accommodation will be given Looked After Children (LAC) status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice (YJ).
People – Adult Social Care & Health	Covid-19 Shielding Grant for the Clinically Extremely Vulnerable Cohort (Specific Purpose)	211	On 31 October, Government announced that new national restrictions would be implemented across England, effective from 5 November until 2 December. This funding has been allocated to Cheshire East to support our residents throughout that period, who have registered on the National Shielding Service System (NSSS) as Clinically Extremely Vulnerable (CEV). The funding will be spent on contacting CEVs, triaging individuals' needs, and providing support via connection with community groups.
Place – Growth & Enterprise	Covid-19 Next Steps Accommodation Programme Grant (Specific Purpose)	56	Next Steps short term funding of £56k will be for 'floating support' (£27,733) and rent in advance (£28,267) for the support of 38 individuals.
Place – Growth & Enterprise	Homeless Prevention Grant (Specific Purpose)	216	The Homelessness Prevention Grant is to be used for homelessness prevention activities in the Strategic Housing Service. It is a named grant, allocated to Local Authorities through the Revenue Support Grant. It is part of a number of Government funding streams put in place to assist Local Authorities to prevent homelessness and deal with the additional pressures that new legislation has placed on them.

Service	Type of Grant	£000	Details
Place – Environment & Neighbourhood Services	Covid-19 Local Authority Compliance and Enforcement Grant (Specific Purpose)	159	Compliance and Enforcement Activity with respect to Covid-19 to include: <ul style="list-style-type: none"> • Practical support to aid and encourage compliance, such as dedicated staff in public areas, business support, or support for individuals • Measures to aid public and business awareness and understanding of regulations and guidance • Any activity associated with enforcement of Covid-19 regulations or guidance.
Place – Highways & Infrastructure	Bus Service Operators Grant (Specific Purpose)	348	The Bus Service Operators Grant is a grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs. The amount each bus operator receives is based on their annual fuel consumption.
Place – Highways & Infrastructure	Better Deal for Buses - Supported Bus Services (Specific Purpose)	320	The funding for supported bus services in 2020/21 is being provided to local authorities as revenue support to help them provide more bus services in their area. To be used to improve the provision of local bus services in their area in one or more of the following ways: to improve current local bus services e.g. increasing evening or weekend frequencies, or supporting additional seasonal services in tourist areas; to restore lost bus routes where most needed to ensure people have access to public transport services; to support new bus services, or extensions to current services, to access e.g. new housing, employment opportunities, healthcare facilities, etc.
Place – Highways & Infrastructure	Covid-19 Bus Services Support Grant (Restart) - Tranche 2 and 3 (Specific Purpose)	336	Covid-19 Bus Services Support Grant can only be spent on supporting bus services that have been affected by or need to be adjusted because of the impact of Covid-19. It is to be used as additional support on top of normal funding for local bus services, not as a replacement of that funding.
Place – Directorate	Local Enterprise Partnership (LEP):	175	This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).

Service	Type of Grant	£000	Details
	Growth Hub Supplementary Funding (Specific Purpose)		The Supplementary Grant is offered under Section 11 of the Industrial Development Act 1982 to support further development of Growth Hubs aligned to the Government's commitment to ensure that businesses in every region have access to high quality free and impartial advice and guidance via Growth Hubs. In recognition of the short-term pressures faced by Growth Hubs as a result of Covid-19, an agreed percentage of the Supplementary Grant is available for spend on activities and solutions to alleviate immediate pressures on businesses caused by Covid-19.
Place – Directorate	Local Enterprise Partnership (LEP): Growth Hub Cluster Network - Peer Networks (Specific Purpose)	135	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).</p> <p>Expenditure is reasonably incurred by the Cheshire and Warrington LEP for Cheshire East Borough Council via its Growth Hub in undertaking the programme of Peer Networks to provide support, advice and training to assist businesses to navigate the challenges facing them in relation to Covid-19 by working through with peers actions and solutions. The Cheshire East Borough Council via its Growth Hub will act as the delivery body for the networking scheme; recruiting participants, organising facilitators/coaches, organising virtual and physical venues, liaising with the evaluation partner and reporting to on performance (the "Funded Activities").</p>
Place – Directorate	Local Enterprise Partnership (LEP): EU Transition - Growth Hub Funding (Specific Purpose)	136	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).</p> <p>For Growth Hubs to support the EU transition business readiness activity, through more direct contact, in addition to passive communications activity, to increase the reach and intensity of information (including to vulnerable sectors and regions), guidance and support.</p>

Service	Type of Grant	£000	Details
			<p>Funding is to provide basic advisory resource to the 31st March 2021 across the LEP Network for outreach and proactive business support. The outline conditions of funding are:</p> <ul style="list-style-type: none"> • It is ringfenced for securing additional advisers and for adviser salaries only; Advisers must be hired on temporary contracts or on a similar basis; • Funding will be available from 1st November 2020 until 31st March 2021; • This funding should not create any recurring liabilities beyond Financial Year 2020-21.
Place – Directorate	Local Enterprise Partnership (LEP): Skills Advisory Panel (Specific Purpose)	75	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).</p> <p>Skills Advisory Panels are local partnerships that work to identify and address local skills priorities. They aim to strengthen the link between employers and skills providers – including colleges, independent training providers and universities.</p>
Place – Directorate	Local Enterprise Partnership (LEP): Education & Skills Funding Agency - Industry Placement Grant (Specific Purpose)	5	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).</p> <p>Industry placements: capacity and delivery fund (CDF) for providers delivering in 2020 to 2021 academic year.</p>
Place – Directorate	Covid-19 Getting Building Fund Capacity Grant (Specific Purpose)	45	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).</p> <p>Capacity funding to help manage the Getting Building Fund delivery: Getting Building Fund is to deliver jobs, skills and infrastructure across the country. This investment is being targeted in areas facing the biggest</p>

Service	Type of Grant	£000	Details
			economic challenges as a result of the pandemic. It is supporting the delivery of shovel-ready infrastructure projects, agreed with mayors and Local Enterprise Partnerships to boost economic growth, and fuel local recovery and jobs.
Corporate – Finance and Customer Services	Covid-19 Test and Trace Support (Specific Purpose)	251	Standard grant, discretionary grant & grant administration.
Corporate – Finance and Customer Services	Housing Benefit (HB) Award Accuracy Initiative (Specific Purpose)	18	<p>The HB Award Accuracy Initiative is mandatory from 2021-22. DWP is funding LAs that confirm their participation to undertake the following activities:</p> <ul style="list-style-type: none"> • HB Full Case Reviews (FCRs) – looking at current claim details & evidence held to review HB amount • HB Matching Service (HBMS) referrals, including: <ul style="list-style-type: none"> - self-employed Earnings Reviews (SERs) • the correct recording of cases and the return of management information (MI) to DWP, including: <ul style="list-style-type: none"> - the correct recording of case outcomes on LA IT systems to inform SHBE (Single Housing Benefit Extract) - the return of clerical MI to DWP for HBMS case outcomes <p>The funding is to be utilised to drive activity under the three initiatives</p>
People – Children & Families	Extension of the role of Virtual School Heads (General Purpose)	61	<p>The purpose of the grant is to provide support to local authorities in England, to help them meet their duty to appoint a Virtual Schools Head for previously looked-after children and make information and advice available to the following parties for the purposes of promoting the education of eligible previously looked-after children:</p> <ul style="list-style-type: none"> • any person that has parental responsibility for the child;

Service	Type of Grant	£000	Details
			<ul style="list-style-type: none"> providers of funded early years education, designated teachers for previously looked-after children in maintained schools and academies; and any other person the authority considers appropriate for promoting the educational achievement of relevant children.
Place	Covid-19 Culture Recovery Fund (Specific Purpose)	180	Funding to be administered as a Culture Recovery Fund by the Arts Council England (ACE) Grants Programme. The purpose of the fund is to help maintain England's cultural ecology by supporting significant cultural organisations which were financially sustainable before Covid-19, but are now at imminent risk of failure and have exhausted all other options for increasing their resilience.
Place	Covid-19 Rough Sleepers (Specific Purpose)	6	Rough sleepers, or those at risk of rough sleeping have been supported by £3.2 million of initial emergency funding if they need to self-isolate to prevent the spread of COVID-19.
Place	Covid-19 Cold Weather Fund (Specific Purpose)	6	A new Cold Weather Fund for local areas to bring forward COVID-secure accommodation this winter to support rough sleepers off the streets over the winter period.
People	Covid-19 Domestic Abuse Duty Capacity Building Fund (Specific Purpose)	50	Funding to support local authorities in England to prepare for the new statutory duty to provide domestic abuse support in safe accommodation
Central Budgets	Covid-19 Christmas Support Payment (Specific Purpose)	237	The Grant is offered to you as part of the wider set of measures to support the nation's economy and its businesses in response to Coronavirus Covid-19). Local Authorities will receive a one-off payment amounting to £1,000 per wet-led pub in each eligible Local Authority where Tier 2 or Tier 3 restrictions are imposed following the scheduled Tier review dates of 2 December and 16 December.

Service	Type of Grant	£000	Details
Corporate	Local Authority Discretionary Grant Fund – New Burdens (Specific Purpose)	77	To meet the additional costs resulting from Covid-19 grant delivery, reconciliation and post payment assurance processes and the parliamentary constituency data exercise for the Small Business Grant Fund, Retail Hospitality and Leisure Grant Fund and Local Authority Discretionary Grant Fund.
Total Allocation less than £500,000		3,744	
Total Allocation 2020/21		25,223	

Table 2 - Summary of Covid-19 Grants already Approved

Service	Type of Grant	£000	Details
Public Health	Covid-19 Infection Control (Specific Purpose)	5,320	The primary purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of Covid-19 transmission in and between care homes and support wider workforce resilience.
Public Health	Covid-19 Test, Track and Contain (Specific Purpose)	1,533	The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred in relation to the mitigation against and management of local outbreaks of Covid-19.
Place	Covid-19 Towns Fund (Specific Purpose Capital Grant)	750	The Towns Fund works with places to address growth constraints and to chart a path of recovery from the impact of Covid-19. The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	95,514	Funding provided to local authorities to passport directly to eligible businesses applying for business support grants due to the pandemic.
Central Budgets	Covid-19 Emergency Funding Tranches 2 and 3 (General Purpose)	13,251	The Covid-19 Emergency Funding is additional grant received due to the rising costs caused by the pandemic.
Central Budgets	Covid-19 Business Rate Holiday (Specific Purpose)	58,786	<p>Eligible businesses in the retail, hospitality and leisure sectors in England will not have to pay business rates for the 2020 to 2021 tax year. This grant compensates local authorities for the business rates income not received.</p> <p>The grant has been received based on 100% of the discount value to help local authority cash flow situations. A reconciliation will be undertaken at the end of the year to pay back MHCLGs 50% share of this funding accordingly.</p>

Service	Type of Grant	£000	Details
Central Budgets	Covid-19 Council Tax Hardship (Specific Purpose)	2,063	New grant funding to support economically vulnerable people and households in their local area.
Place	Covid-19 Emergency Active Travel Fund (Specific Purpose)	774	To develop and deliver a borough-wide programme of Active Travel measures to support Covid-19 recovery by improving active travel provision for workplaces, schools and town centres. £155,000 has been received and £619,000 is pending. £69,000 is for revenue and £705,000 is for capital.
Corporate	Covid-19 Emergency Assistance Grant for Food & Essential Supplies (Specific Purpose)	326	This grant is for local authorities in England to use to support people who are struggling to afford food and other essentials due to Covid-19.
Corporate	Covid-19 Local Authority Discretionary Grant (Specific Purpose)	170	This grant is intended to fund costs incurred in the administration of business support grants including staff costs, software updates, print & postage and other 3 rd party support.
Place	Covid-19 Reopening High Streets Safely (Specific Purpose)	340	This additional funding is to support the safe reopening of high streets and other commercial areas. The money will allow local authorities in England to put in place additional measures to establish a safe trading environment for businesses and customers, particularly in high streets, through measures that extend to the end of March 2021.
Place	Covid-19 Bus Support Restart (Specific Purpose)	157	This funding is available to increase capacity on buses in order to help keep passengers safe during the Covid-19 crisis, and also to prepare for a recovering economy.

Service	Type of Grant	£000	Details
Place	Covid-19 Local Bus Network (Specific Purpose)	180	Additional support for bus services that have been affected by, or need to be adjusted because of, the impact of Covid-19. Conditions apply and any underspend will need to be returned to DfT.
People – Children & Families	Covid-19 Wellbeing for Education Return (Specific Purpose)	55	This grant seeks to better equip schools and colleges to promote children and young people’s wellbeing, resilience, and recovery in response to Covid-19.
People – Children & Families	Covid-19 Home to School Transport (Specific Purpose)	295	Thousands of students will be supported with new dedicated school and college transport to get them to school or college in the Autumn term. This funding will help them create extra capacity and allow hundreds of thousands more students to use alternatives to public transport, while social distancing measures remain in place.
Central Budgets	Fees and Charges Compensation	2,137	First instalment for compensation relating to reduced fees and charges due to Covid-19 (forecast for the full year is £6.1m).
Central Budgets	Covid-19 Winter Grant Scheme	880	The Department for Work and Pensions (DWP) will provide funding to County Councils and Unitary Authorities, under section 31 of the Local Government Act 2003, who will administer the scheme and provide direct assistance to vulnerable households and families with children particularly affected by the pandemic.
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	15,263	Funding provided to local authorities to passport directly to eligible businesses applying for business support grants due to the pandemic relating to the second national lockdown.
People – Public Health	Covid-19 Contain Outbreak Management Fund (Specific Purpose)	1,152	The purpose of this grant is to fund the following activities: <ul style="list-style-type: none"> • Targeted testing for hard-to-reach groups out of scope of other testing programmes. • Additional contact tracing.

Service	Type of Grant	£000	Details
			<ul style="list-style-type: none"> • Enhanced communication and marketing e.g. towards hard-to-reach groups and other localised messaging. • Delivery of essentials for those in self-isolation. • Targeted interventions for specific sections of the local community and workplaces. • Harnessing capacity within local sectors (voluntary, academic, commercial). • Extension/introduction of specialist support (behavioural science, bespoke comms). • Additional resource for compliance with, and enforcement of, restrictions and guidance.
People – Public Health	Covid-19 Contain Outbreak Management Fund (Tranche 2) (Specific Purpose)	1,921	On Thursday 5 November, the country went into a second period of national lockdown restrictions. As a result, the level of grant income was increased by a further grant of £1.921m, as the allocation basis had been increased from £3.00 per head to £8.00 per head.

Urgent decisions made following Member consultation

Date	Summary of decision	Decision on behalf of	Members, MO/S151 consulted/ content?	Status
26 05 20	Covid-19 Discretionary Grant Fund: approval of supplementary revenue estimate of funds made available from Government, to make payments to businesses in the sum of £4,287,250. Delegation of the design and implementation of a policy and scheme for the distribution of funds.	Council	Yes	Decision made and Members notified
08 06 20	Approval of supplementary revenue estimate of £5.32m relating to the Covid-19 Infection Prevention Fund for Local Authorities' allocation for Cheshire East Council. Authorisation of the distribution of the first 75% of the Grant to eligible care home providers in the Cheshire East Borough in accordance with the DoHSC Grant conditions. Delegated authority to utilise the 25% balance of the Grant to support the wider care market with Infection Control measures.	Council	Yes	Decision made and Members notified

Urgent decisions made by the Chief Executive relating to Covid-19 funding under general delegation dated 2 July 2020

Date	Summary of decision	MO/S151 consulted	Status
07 07 20	Acceptance of the offer of the £750,000 Town Fund allocation for Crewe; agree a Supplementary Capital Estimate; expenditure delegated to the Executive Director of Place, subject to first consulting the Portfolio Holder for Environment and Regeneration.	Yes	Decision made and all Members notified on 08 07 20
08 07 20	<p>Test and Trace: Acceptance of the Council's allocated grant of £1.53m. Authorisation of a Supplementary Revenue Estimate, for the 2020/21 Financial Year, of £1.53m. Authorisation of the Executive Director-People, in consultation with the Portfolio Holder for Public Health and Corporate Services, to distribute the grant in accordance with the conditions which have been attached to it.</p>	Yes	Decision made and all Members notified on 08 07 20 Further clarification provided to all Members on 10 th July 2020 that the previous reference to the Portfolio Holder for Adult Social Care and Health had been corrected.

Table 3 - Summary of Grants

	Original Budget	Revised Forecast MYR	Revised Forecast TQR	Change from MYR
	2020/21 £m	2020/21 £m	2020/21 £m	2020/21 £m
SPECIFIC USE				
Held within Services	233.2	241.1	257.7	16.6
GENERAL PURPOSE				
Business Support Grant	0.0	95.5	116.3	20.8
Service Funding:				
People - Childrens and Families	0.0	0.4	0.5	0.1
People - Adult Social Care and Health	8.8	8.8	8.8	0.0
Place	0.0	0.3	0.3	0.0
Corporate	12.8	14.9	14.9	0.0
Central Items	0.0	81.2	92.5	11.3
TOTAL GENERAL PURPOSE	21.6	201.1	233.3	32.2
TOTAL GRANT FUNDING	254.8	442.2	491.0	48.8

Source: Cheshire East Finance

Table 4 – Corporate Grants Register

Corporate Grants Register 2020/21	Original Budget 2020/21 £000	Revised Forecast MYR 2020/21 £000	Revised Forecast TQR 2020/21 £000	Change from MYR 2020/21 £000	Treatment of Grant <i>Notes 2 - 5</i>
SPECIFIC USE (Held within Services)					
PEOPLE					
Schools ¹	151,887	150,383	150,555	173	
Children and Families	1,759	2,021	2,019	(3)	
Adult Social Care	12,637	18,284	29,708	11,424	
Public Health	15,967	18,291	21,364	3,073	
Total	182,250	188,979	203,646	14,667	
PLACE					
Growth and Enterprise	263	1,572	1,506	(67)	
Environment and Neighbourhood Services	0	0	159	159	
Highways and Infrastructure	0	336	1,340	1,004	
Directorate	787	1,561	2,047	486	
Total	1,050	3,469	5,052	1,582	
CORPORATE					
Finance and Customer Services	49,878	48,618	48,964	346	
Total	49,878	48,618	48,964	346	
TOTAL SPECIFIC USE	233,178	241,066	257,661	16,595	

Corporate Grants Register 2020/21	Original Budget 2020/21 £000	Revised Forecast MYR 2020/21 £000	Revised Forecast TQR 2020/21 £000	Change from MYR 2020/21 £000	Treatment of Grant <i>Notes 2 - 5</i>
GENERAL PURPOSE (Held Corporately)					
Central Funding					
Business Support Grant	0	95,514	116,307	20,793	Balances
People - Children and Families					
Staying Put Implementation Grant	0	113	113	0	
Extended Rights to Free Transport (Home to School Transport)	0	201	201	0	
Extended Personal Adviser Duty Implementation	0	42	42	0	
Extension of the role of Virtual School Heads	0	0	61	61	SRE
Domestic Abuse Duty Capacity Building Fund	0	0	50	50	ODR
People - Adult Social Care and Health					
Social Care Support Grant	7,616	7,616	7,616	0	
Independent Living Fund	818	861	861	0	
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard	340	340	340	0	
Place					
Neighbourhood Planning Grant for Local Planning Authorities	0	100	100	0	
Homelessness Reduction Act	0	116	116	0	
Letting Agents Transparency & Redress Schemes	0	1	1	0	
Environmental Service Feasibility Study (NW Local Energy Hub)	0	67	67	0	

Corporate Grants Register 2020/21	Original Budget 2020/21 £000	Revised Forecast MYR 2020/21 £000	Revised Forecast TQR 2020/21 £000	Change from MYR 2020/21 £000	Treatment of Grant <i>Notes 2 - 5</i>
Corporate					
Housing Benefit and Council Tax Administration	1,027	1,022	1,022	0	
NNDR Administration Allowance	571	571	571	0	
New Homes Bonus	11,193	11,193	11,193	0	
Individual Electoral Registration	0	34	34	0	
COVID-19 Council Tax Hardship Fund	0	2,063	2,063	0	
Central Items					
COVID-19 Additional Business Rates Reliefs payments for 2020/21 (Tranche 1)	0	58,786	58,786	0	
COVID-19 Additional Business Rates Reliefs payments for 2020/21 (Tranche 2)	0	0	1,775	1,775	Reserves
COVID-19 Compensation for Sales, Fees and Charges Income	0	0	6,100	6,100	Balances
COVID-19 Emergency Funding (Tranche 2)	0	10,539	10,539	0	
COVID-19 Emergency Funding (Tranche 3)	0	2,711	2,711	0	
COVID-19 Emergency Funding (Tranche 4)	0	0	2,578	2,578	Balances
COVID-19 Winter Grant Scheme	0	0	880	880	Balances
Business Rates Reliefs Grant 2020/21	0	4,988	4,988	0	
Business Rates Reliefs Grant 2020/21	0	4,200	4,200	0	
Total Service Funding	21,565	105,563	117,007	11,444	
TOTAL GENERAL PURPOSE	21,565	201,077	233,314	32,237	
TOTAL GRANT FUNDING	254,743	442,143	490,975	48,832	

Notes

- 1 The Dedicated Schools Grant, Pupil Premium Grant, Sixth Form Grant and Other School Specific 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.
- 3 ODR - Officer Decision Record to approve immediate budget change to relevant service.
- 4 Reserves - transfer to reserves at year end.
- 5 Balances - amount will be included as a variance to budget.

Appendix 3

Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £4.8m since the end of July.
2. Annually, the Council raises invoices with a total value of over £70m. 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 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 2019/20 the team collected £3m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of October 2020 was £15.6m.

6. The total amount of service debt over six months old is £6.3m; provision of £6.3m has been made to cover doubtful debt in the event that it needs to be written off.

DEBT SUMMARY

	Outstanding Debt £000	Over 6 months old £000
People		
Adults, Public Health and Communities	12,610	4,767
Children's Social Care (Incl. Directorate)	507	94
Education and 14-19 Skills	47	25
Prevention and Early Help	10	3
Schools	92	40
Place		
Highways and Infrastructure	1,225	859
Growth and Enterprise	638	221
Environment and Neighbourhood Services	384	230
Corporate		
Finance and Customer Services	21	5
Governance and Compliance	13	6
Transformation	44	1
	15,591	6,251

Appendix 4

Capital Strategy

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Table 1: Financial Parameters for 2020/21 to 2023/24

Parameter	Value (£m)			
	2020/21	2021/22	2022/23	2023/24
Repayment of Borrowing				
Minimum Revenue Provision*	11.0	13.5	16.0	18.4
External Loan Interest	5.1	4.9	4.8	4.7
Investment Income	(0.9)	(0.9)	(0.9)	(0.9)
Contributions from Services Revenue Budgets	(1.5)	(1.6)	(1.6)	(1.7)
Total Capital Financing Costs	13.7	15.9	18.3	20.5
Use of Financing EMR	(1.7)	(1.9)	(0.3)	(1.5)
Actual CFB in MTFS	12.0	14.0	18.0	19.0
Capital Receipts targets*	1.0	1.0	1.0	1.0
Flexible use of Capital Receipts	3.0	0.6	0	0

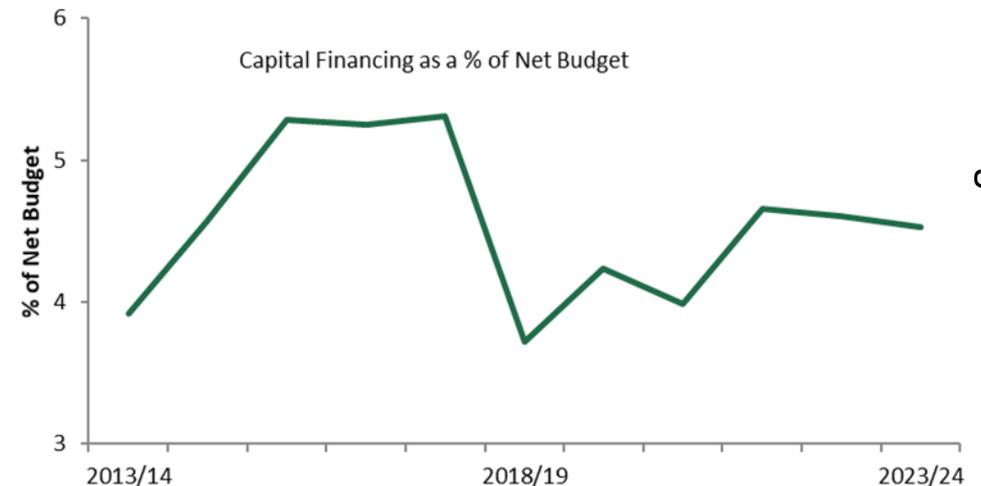
*Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

- 1.1 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the

Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision.

- 1.2 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision). This ensures that the revenue cost of repaying debt is spread over the life of the asset, similar to depreciation.



- 1.3 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in **Annex G**. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

- 1.4 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in **Appendix 5** of this report.
- 1.5 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short term interest rates are currently much lower than long term rates this is likely to be more cost effective.

Contributions from Services

- 1.6 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium Term Financial Strategy (MTFS).
- 1.7 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.
- 1.8 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to funding such costs must be approved as part of the business planning process before the scheme can commence.

- 1.9 The Council's strategy is to use revenue contributions of £6.4m over the next four financial years to finance the Capital Programme to reduce the overall Capital Financing Budget. These contributions come from: £2.8m from the Investment Portfolio; £2.1m contribution from schools towards the schools transformation programme; £0.8m from ESAR for the improvements to the Council's leisure facilities; £0.4m from Highways Street Lighting for the upgrade to LED lighting; and £0.3m from Transformation Services for the Azure 365 upgrade.

Use of Financing Earmarked Reserve

- 1.10 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.
- 1.11 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the Capital Finance Budget (CFB) within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also recommend appropriate use of the Financing Earmarked Reserve over the period.
- 1.12 The Council's current strategy is to draw-down up to £5.4m from the Financing Earmarked Reserve for the period 2020/21 to 2023/24.

Flexible Use of Capital Receipts

- 1.13 Government guidance on the flexible use of capital receipts allows local authorities to use capital receipts to off-set the revenue costs of transformational projects which are expected to deliver future ongoing revenue savings.

1.14 Within the 2020/21 revenue budget £1m of capital receipts have been identified to fund transformational projects. In addition up to £2m of capital receipts will be used to fund the implementation costs of the B4B programme, which have been identified as revenue in 2020/21. The capital reserve holds £3m of capital receipts for this purpose. Up to £0.6m of capital receipts may be utilised for the B4B programme in 2021/22.

Capital Programme – Third Quarter Review Position

1.15 Since the mid year review was approved in October 2020 the Capital Programme has increased by £3.7m for the next four year period.

1.16 Potential additional costs of £8.0m have been identified in the Capital Programme, linked to Covid-19. Costs will either be absorbed within existing risk profiles of the associated capital projects or funded via drawdown from the Covid-19 Earmarked Reserve.

1.17 The main change for the increase is a net movement of budgets transferring to the Addendum totalling £8.0m. There are a number of increases from Supplementary Capital Estimates (£4.1m), as well as changes reported this quarter totalling £4.8m. **Table 2** below shows a summary of the changes.

Table 2: Summary Capital Programme

	MYR Budget	SCEs/ Virements in Quarter	Transfers to/from Addendum	Budget Reductions at TQR	SCEs/ Virements at TQR	Revised TQR Budget
	2020/24 £m	2020/24 £m	2020/24 £m	2020/24 £m	2020/24 £m	2020/24 £m
People Directorate	45.0	3.7	-	-	0.7	49.4
Place Directorate	399.9	0.5	(13.0)	(0.2)	1.9	389.1
Corporate Directorate	47.6	(0.1)	8.0	-	2.2	57.7
	492.5	4.1	(5.0)	(0.2)	4.8	496.2

1.18 During October and November 2020 the Deputy Chief Executive, Frank Jordan held a number of Capital Challenge sessions across all three Directorates where schemes were prioritised, reprofiled or removed from the programme entirely. As a result schemes within the Place Directorate (£13.5m) were identified that could be transferred to the Addendum until such time they become affordable or the schemes are ready to be developed. The details are shown in **Annex F**.

1.19 There are a number of Supplementary Capital Estimates, the most notable of which is the increase in the Best4Business Programme of £1.808m for the costs associated with completing the project in 2021/22. Cheshire East Council and Cheshire West and Chester Council pay for the 50% of the costs each so the additional cost to the Council will be £0.904m.

1.20 A supplementary capital estimate of £0.346m relates to the implementation of a new financial forecasting tool known as Financial Planning & Analysis (FP&A). Cheshire East Council and Cheshire West and Chester Council pay for the 50% of the costs each so the additional cost to the Council will be £0.173m.

1.21 There is also another significant Supplementary Capital Estimates for £0.9m which is for the Public Sector Decarbonisation Scheme and is fully funded from a government grant.

1.22 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 **Annex A**.

- 1.23 **Annex B** details requests of Supplementary Capital Estimates (SCE) up to and including £500,000 and Capital Virements up to and including £1,000,000 approved by delegated decision which are included for noting purposes only.
- 1.24 **Annex C** lists details of Supplementary Capital Estimates (SCE) over £500,000 and up to and including £1,000,000 that requires Cabinet to approve.
- 1.25 **Annex D** details of a Supplementary Capital Estimates (SCE) over £1,000,000 that requires Cabinet to recommend to Council for approval.
- 1.26 **Annex E** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.
- 1.27 **Annex F** lists the transfers to and from the Addendum These are for noting purposes only.
- 1.28 **Table 3** shows the revised Addendum programme. As well as the schemes added to the Addendum after the Capital

Challenge sessions, three additional transfers have been approved these include a £8m loan to the Local Enterprise Partnership (LEP), £0.025m for the Carbon Offset Investment project at Pastures Wood Farm and £0.492m for Congleton Leisure Improvements scheme. Two housing development schemes at Gawsorth (£1.7m) and Browning Street (£0.9m) have been removed as the schemes will no longer proceed. There was also a £0.250m reduction on the Information Assurance and Data Management programme.

Table 3: Addendum

Addendum 2020/21 - 2023/24					
	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Total Budget 2020-24 £000
Addendum					
People	5,454	17,575	15,775	4,700	43,504
Place	30,851	53,239	40,311	72,575	196,976
Corporate	25,313	34,741	34,724	34,983	129,761
Total Addendum	61,618	105,555	90,810	112,258	370,241

Annex A: Third Quarter Review Update

CESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
Committed Schemes - In Progress					
People	14,323	21,614	9,798	1,945	47,680
Place	87,997	126,180	100,362	26,284	340,823
Corporate	14,890	15,577	9,617	8,012	48,096
Total Committed Schemes - In Progress	117,210	163,371	119,777	36,241	436,599

CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
New Schemes					
People	187	750	750	0	1,687
Place	10,372	13,300	12,462	12,247	48,380
Corporate	8,676	300	310	230	9,516
Total New Schemes	19,235	14,350	13,522	12,477	59,583
Total	136,445	177,721	133,298	48,718	496,182

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
Funding Requirement					
Indicative Funding Analysis: (See note 1)					
Government Grants	65,476	92,398	71,414	14,092	243,381
External Contributions	6,890	15,611	21,606	22,650	66,757
Revenue Contributions	300	0	0	0	300
Capital Receipts	1,000	1,000	1,000	1,000	4,000
Prudential Borrowing (See note 2)	62,779	68,711	39,278	10,976	181,744
Total	136,445	177,721	133,298	48,718	496,182

Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next three years 2020-24 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

Annex B: Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements		
Supplementary Capital Estimates that have been made up to £500,000		
Education and 14-19 Skills		
Schools Condition Capital Grant	10,000	School Contribution from Edleston Primary for 2021 School Managed Schemes
Schools Condition Capital Grant	35,000	School Contribution from Elworth Hall Primary for 2021 School Managed Schemes
Schools Condition Capital Grant	1,500	School Contribution from Goostrey Community Primary School for 2021 School Managed Schemes
Schools Condition Capital Grant	5,200	School Contribution from Rode Heath Primary School for 2021 School Managed Schemes
Prevention and Support		
Schools Condition Capital Grant	3,173	School Contribution from Scholar Green Primary School for 2021 School Managed Schemes
Highways and Infrastructure		
Active Travel Fund (Covid-19)	135,625	Grant funding received for special measures.
Sustainable Travel Access Programme	8,944	Additional S106 funding available to support the Wilmslow Cycleway project
S278s		
Pool Lane, Winterley	368	Final account now received, increase budget for S278 developer fees
S278 Hall Lane, SandbachM - 1272740	841	Final account now received, increase budget for S278 developer fees
Barracks Mill, Black Lane	20,000	To increase budgets to match forecast expenditure which will be reimbursed by the S278 Developers.
S278 Dunwoody Way (fodens)	2,000	
S278 University Way, Crewe	8,000	
S278 Moorfields, Willaston	15,000	
Close Lane, Alsager	5,000	
Goldfinch Close, Congleton	2,000	
Maw Green Road, Crewe	1,000	
Congleton Road, Sandbach	1,000	
S106s		
M'wich Rd Elworth Ped Crossing	28,777	To utilise the additional funds held in the S106 contributions.
Environment and Neighbourhood Services		
Household Bins Schemes	46,062	Current expenditure levels will create a shortfall against the available budget at year-end. The excess expenditure is being funded by a revenue contribution.
Finance and Customer Services		
Forecasting Tool (FP&A) Implementation	346,000	To create a new budget for the implementation of the forecasting tool (FP & A) . The budget is funded 50% each by both Cheshire East Council and Cheshire West and Chester Council.
Total Supplementary Capital Estimates Requested	675,490	

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements		
Capital Budget Virements that have been made up to £1,000,000		
Education and 14-19 Skills		
Schools Condition Capital Grant	5,053	Ashdene Primary School - Contribution to School Condition project
Schools Condition Capital Grant	6,284	Dean Valley Primary School - Contribution to School Condition project
Schools Condition Capital Grant	15,513	Elworth Hall Primary School - Contribution to School Condition project
Schools Condition Capital Grant	5,600	Haslington Primary School- Contribution to School Condition project
Schools Condition Capital Grant	1,784	Lindow Primary School - Contribution to School Condition project
Schools Condition Capital Grant	3,000	Middlewich High School Contribution to School Condition project
Schools Condition Capital Grant	2,124	Mobberley PS Contribution to School Condition project
Schools Condition Capital Grant	4,295	Rainow Primary School Contribution to School Condition project
Schools Condition Capital Grant	6,400	Rode Heath Primary School -Contribution to School Condition project
Schools Condition Capital Grant	2,000	Weaver Primary School - Contribution to School Condition project
Schools Condition Capital Grant	37,314	Wilmslow High School DFC to the School condition project
Schools Condition Capital Grant	531	Bickerton Primary School - Contribution to School Condition project
Schools Condition Capital Grant	4,000	Elworth CE Primary School - Contribution to School Condition project
Schools Condition Capital Grant	1,162	Havannah Primary School - Contribution to School Condition project
Schools Condition Capital Grant	7,723	Lower Park Primary School - Contribution to School Condition project
Schools Condition Capital Grant	1,728	Mablins Lane Primary Schools - Contribution to School Condition project
Schools Condition Capital Grant	15,000	Malbank High School - Contribution to School Condition project
Schools Condition Capital Grant	1,390	Park Lane School - Contribution to School Condition project
Schools Condition Capital Grant	9,043	The Dingle Primary School - Contribution to School Condition project
Schools Condition Capital Grant	7,500	Hurdsfield Primary School - Contribution to School Condition Project
Schools Condition Capital Grant	21,827	Scholar Green Primary School - Condition to School Condition Project
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	10,004	Hurdsfields Primary School - project complete return residual grant to Basic Need Block Allocation
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	109,560	Cranberry Primary School - project now complete return residual grant to Basic Need Block Allocation
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	6,228	Chelford Primary School - project now compleet return residual grant to Basic Need Block Allocation
Highways and Infrastructure		
Flooding and Weather Events	325,000	Virement from Bridge Maintenance, funded by the Local Transport grant to cover additional spend.
Sustainable Travel Access Programme	131,000	Virement from Active Travel, funded by the Local Transport after review of spending.
Sustainable Travel Access Programme	184,000	Virement from the Highways Challenge Fund to support the Wilmslow Cycleway Project.
Growth and Enterprise		
Corporate Landlord - Operational	28,140	To combine the two corporate landlord schemes together as they are both funding the Atrium system replacement programme.
Environment and Neighbourhood Services		
Litter and Recycling Bins	7,950	Virement from Little Bin Monitors project - no longer required as project complete.
Total Capital Budget Virements Approved	961,153	
Total Supplementary Capital Estimates and Virements	1,636,643	

Annex C: Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements		
Supplementary Capital Estimates above £500,000 up to and including £1,000,000		
Education and 14-19 Skills		
Schools Condition Capital Grant	589,604	Additional allocation for 2020-21 to assist Schools with the recovery from the pandemic.
Growth and Enterprise		
Crewe Town Centre Regeneration	750,000	Towns Fund (Accelerated Funding) of £0.750m received, expected to be spent on the Lyceum Square project this year.
Environment and Neighbourhood Services		
Public Sector Decarbonisation Scheme	932,661	Grant funding to support the Council's Carbon Neutral Programme.
Total Supplementary Capital Estimates Requested	2,272,265	
Total Supplementary Capital Estimates and Virements		
	2,272,265	

Annex D: Requests for Supplementary Capital Estimates (SCEs) and Virements

Service	Amount Requested	Reason and Funding Source
	£	
Cabinet are asked to request Council to approve the Capital Virements and SCEs		
Supplementary Capital Estimates over £1,000,000		
Corporate - Finance and Customer Services		
Best4Business	1,808,000	Increase in Best4Business Programme to allow the full implementation of the system. The budget is funded 50% each by both Cheshire East Council and Cheshire West and Chester Council.
Total Supplementary Capital Estimates Requested		1,808,000
Total Supplementary Capital Estimates and Virements		1,808,000

Annex E: Capital Budget Reductions

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Education and 14-19 Skills				
Cranberry Primary School	1,204,897	1,178,724	-26,173	Cranberry Primary School project is now complete and the remaining budget is no longer required.
Highways and Infrastructure				
Taylor Dr/Edmund Wright Way	490,311	455,350	-34,961	The remaining budget is no longer required and any remaining expenditure will be funded from the Part 1 Claims Project already approved in the main programme.
S278s				
Windsor Place, Congleton	4,250	4,211	(39)	S278 Developer funded project now completed. Budget no longer required.
Capricorn 17	60,000	5,351	(54,649)	S278 Developer funded project now completed.
Former Moss Inn, Congleton	2,496	2,414	(82)	S278 Developer funded project now completed. Budget no longer required.
Queens Park Drive, Crewe	3,000	2,984	(16)	
S278 Aldi, Crewe	6,500	3,430	(3,070)	
London Road, Holmes Chapel	20,000	7,952	(12,048)	
Adlington Road Wilmslow	25,000	14,944	(10,056)	
Garden View, Cheerbrook Rd	4,000	1,635	(2,365)	
S278 Hollyhurst Rd, Nantwich	3,000	2,579	(421)	
S278 Church Lane, Wistaston	20,000	12,282	(7,718)	
S278 - Abbey Road, Sandbach	20,000	6,000	(14,000)	
S278 - Church Lane, Sandbach	20,000	10,000	(10,000)	
Croxton Lane, Middlewich	10,000	9,500	(500)	To reduce the budget to match the S278 Developer funds received
Buxton Road, Macclesfield	7,000	3,446	(3,554)	
S278 Trouthall Lane, Plumley	4,000	2,456	(1,544)	
S106s				
Middlewich Rd, H Chapel Ped X	107,080	101,960	(5,120)	This £5k Section 106 funding is already being used to fund TM measures Holmes Chapel - 40HTCAP-CT00029
Growth and Enterprise				
Hollins View	158,800	158,744	(56)	This project is now complete, it is over 12 months now since completion, past the due date for any retention works.
Wheelock Rail Trail s106	10,210	0	(10,210)	This project has been delivered through revenue, so the S106 funding will be transferred to revenue to offset the cost and the capital project is no longer needed.
	2,180,544	1,983,962	(196,582)	

Annex F: Transfers from and to the Capital Addendum

Service / Capital Scheme	Amount Transferred Third Quarter £	Reason / Comment
Budgets Transferred from the Addendum to the Main Capital Programme		
Growth and Enterprise		
Pastures Wood	(25,000)	A carbon project that will restore the mossland at Pastures Wood Farm
Environment and Neighbourhood Services		
Congleton Leisure Centre Improvements	(492,000)	Additional budget required for the improvements to Congleton Leisure Centre. The budget budget will be part funded by Everybody Sport and Recreation.
Finance and Customer Services		
Strategic Commercial Activities - Enterprise Zones	(8,001,000)	Budget required for a capital loan to the Local Enterprise Partnership for Enterprise Zones within the borough.
Total Budgets Transferred to Main Capital Programme	(8,518,000)	

Service / Capital Scheme	Amount Transferred Third Quarter £	Reason / Comment	
Capital Budgets transferred from the Main capital Programme to the Addendum			
Environment and Neighbourhood Services			
Weston Cemetery Extension		Project is currently on hold in line with the recommendations in the Cemeteries Strategy.	
Household Waste Recycling Centre	954,653	As per the recent capital challenge meeting it was agreed to transfer to addendum until the schemes are developed.	
Growth and Enterprise			
North Congleton Acquisitions	1,950,858	The project is on hold and therefore agreed the budget be transferred to the Addendum.	
Investment in Heritage Assets	93,857	The project to refurbish the former Buttermarket in Macclesfield is on hold for the foreseeable future.	
Highways and Infrastructure			
B5077/B5078 North Junction	400,000		
A5020 Weston Gate roundabout	2,500,000		
A537 Adams Hill junction imp	300,000		
Brook St/Hollow Ln Junction	500,000	The budgets for these schemes moved to the Addendum, as the funding is not yet in place for them to start.	
Burford junction improvements	2,500,000		
Alvaston roundabout junction	1,600,000		
Peacock roundabout junction	750,000		
A34/A538 West junction	2,001,000		
Total Capital Budget Transferred to the Addendum	13,550,368		

Service / Capital Scheme	Amount Transferred Third Quarter £	Reason / Comment
Capital Budgets removed from the Addendum		
Environment and Neighbourhood Services		
Carbon off-set Investment	(575,000)	Agreed at the Carbon Programme Board that the capital requirement will be £250,000 per annum instead of £400,000 per annum.
Growth and Enterprise		
Modular Construction (Gawsworth)	(1,734,088)	Agreed at Capital Challenge to remove these two schemes from the Addendum
Starter Homes - Phase 1	(860,000)	
Transformation Services		
Information Assurance and Data Management Phase 3	(250,000)	This reduction is to align the Addendum with the revised High Level Business Case submitted in October 2020.
Total Capital Budget Removed from the Addendum		(3,419,088)
Net Change to the Addendum		1,613,280

Annex G: Prudential Indicators revisions to: 2019/20 and 2020/21 – 2023/24, and future years

Background

1.29 There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

Estimates of Capital Expenditure

1.30 In 2020/21, the Council is planning capital expenditure of £136.4m as summarised below.

Capital Expenditure	2019/20	2020/21	2021/22	2022/23	Future years
	Actual	Estimate	Estimate	Estimate	years
	£m	£m	£m	£m	£m
Total	124.0	136.4	177.7	133.3	48.7

Source: Cheshire East Finance

Capital Financing

1.31 All capital expenditure must be financed either from external sources (government grants and other contributions). The Council's own resources (revenue reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of capital expenditure is as follows.

Capital Financing	2019/20	2020/21	2021/22	2022/23	Future years
	Actual	Estimate	Estimate	Estimate	years
	£m	£m	£m	£m	£m
Capital receipts	7.0	1.0	1.0	1.0	1.0
Government Grants	52.7	65.5	92.4	71.4	14.1
External Contributions	7.3	6.9	15.6	21.6	22.6
Revenue Contributions	0.6	0.3	0.0	0.0	0.0
Total Financing	67.6	73.7	109.0	94.0	37.7
Prudential Borrowing	56.4	62.7	68.7	39.3	11.0
Total Funding	56.4	62.7	68.7	39.3	11.0
Total Financing and Funding	124.0	136.4	177.7	133.3	48.7

Source: Cheshire East Finance

Replacement of debt finance

1.32 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets may be used to replace debt finance. Planned MRP repayments are as follows.

Replacement of debt finance	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Total	9.7	11.1	13.5	16.1	18.3

Source: Cheshire East Finance

Estimates of Capital Financing Requirement

1.33 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This

increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £41m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2022/24 Estimate £m
Total	371	412	464	490	470

Source: Cheshire East Finance

Asset disposals

1.34 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation project until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.8m of capital receipts from asset sales in the coming financial years as follows.

Capital Receipts	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Asset Sales	10.4	1.0	1.0	1.0	1.0
Loans Repaid	0.1	0.2	0.2	0.2	0.2
Total	10.5	1.2	1.2	1.2	1.2

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

1.35 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting and the Council therefore seeks to strike a balance between cheap short term loans (currently available at around

0.3%) and long term fixed rate loans where the future cost is known but higher (currently 2 - 3%).

1.36 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement.

Gross Debt and the Capital Financing Requirement	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Borrowing	201	130	78	77	76
Finance Leases	2	1	1	1	0
PFI Liabilities	22	21	20	19	18
Total Debt	225	152	99	97	94
Capital Financing Req.	371	412	464	490	470

Source: Cheshire East Finance

1.37 Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. As can be seen from the above table, the Council expects to comply with this in the medium term.

Liability Benchmark

1.38 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year end. This benchmark is currently £229m and is forecast to rise to £315m over the next four years.

Borrowing and the Liability Benchmark	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Outstanding Debt	201	130	78	77	76
Liability Benchmark	181	229	292	328	314

Source: Cheshire East Finance

1.39 The table shows that the Council expects to remain borrowed below its liability benchmark.

Affordable borrowing limit

1.40 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	2019/20 limit £m	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m
Authorised Limit for Borrowing	359	425	475	505	490
Authorised Limit for Other Long-Term Liabilities	22	22	21	20	18
Authorised Limit for External Debt	381	447	496	525	508
Operational Boundary for Borrowing	349	415	465	495	480
Operational Boundary for Other Long-Term Liabilities	22	22	21	20	18
Operational Boundary for External Debt	371	437	486	515	498

Source: Cheshire East Finance

Investment Strategy

- 1.41 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 1.42 The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	31/03/20 Actual £m	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
Short term	27	0	0	0	0
Long term	20	20	20	20	20
Total Investments	47	20	20	20	20

Source: Cheshire East Finance

- 1.43 Further details on treasury investments are in pages of the Treasury Management Strategy, **Appendix 5**.
- 1.44 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

- 1.45 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Appendix 6**.
- 1.46 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by an investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

- 1.47 Further details on the revenue implications of capital expenditure are on paragraphs 89-96 of the 2020-24 Medium Term Financial Strategy (**Appendix C**).
- 1.48 Due to the very long term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable. The longer term revenue implications have been considered and built into the revenue budget forecasts post the period of the current Medium Term Financial Strategy.

Ratio of Financing Costs to Net Revenue Stream	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Financing Costs (£m)	12.0	12.0	14.0	14.0	14.0
Proportion of net revenue stream %	4.23	3.99%	4.66%	4.61%	4.53%

Source: Cheshire East Finance

Appendix 5

Treasury Management Strategy

Treasury Management Report

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1. Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Report (see **Appendix 6**).

2. External Context

- 1.4 **Economic background:** The spread of the coronavirus pandemic dominated during the period as

countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it is back in the headlines as agreement between the UK and EU on a trade deal was looking difficult and the government came under fire, both at home and abroad, as it tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law.

- 1.5 The Bank of England maintained bank rate at 0.1% and has increased its Quantitative Easing programme to £895 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.
- 1.6 Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.
- 1.7 GDP Growth contracted by a massive 19.8% in quarter 2 2020 (Apr-Jun), pushing the annual growth rate down to -21.5%. Quarter 3 (Jul-Sep) then saw a rebound of 15.5%. The general forecast before the latest lockdown

restrictions suggested the economy may take three years to get back to pre-Covid-19 levels.

- 1.8 The headline rate of UK Consumer Price Inflation UK Consumer Price Inflation was 0.7% in October which, although slightly higher than expected, is some way below the Bank of England's 2% target.
- 1.9 In the three months to September, the unemployment rate rose probably partly delayed from the previous three months and ahead of planned changes to the furlough scheme. It was estimated that more than a quarter of the UK workforce was being supported by the furlough scheme which has now been extended.
- 1.10 The US economy contracted at an annualised rate of 0.2% in quarter 2 2020. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime. The move is to a more flexible form of average targeting which will allow the central bank to maintain interest rates at low levels for an extended period to support the economy even when inflation is 'moderately' above the 2% average target, particularly given it has been below target for most of the last decade.
- 1.11 The European Central Bank maintained its base rate at 0% and deposit rate at -0.5%.
- 1.12 **Financial Markets:** Equity markets continued their recovery, particularly in technology stocks, and have

been further boosted by news of successful vaccine trials. Central bank and governments stimulus packages continue to support asset prices but volatility remains.

- 1.13 Ultra-low interest rates and the flight to quality continued to keeping gilts yields low but volatile over the period with the yield on some short-dated government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.
- 1.14 **Credit Review:** Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander UK whose CDS spread remained elevated and the highest of those we monitor at 0.85% while Standard Chartered was the lowest at 0.41%. The ringfenced banks are currently trading between 0.45 and 0.50%.
- 1.15 After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes. Fitch assigned an AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty

list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

- 1.16 There continues to remain much uncertainty around the extent of the losses that banks and building societies will suffer due to the impact from the coronavirus pandemic and for UK institutions there is the added complication of the end of the Brexit transition period on 31 December and what a trade deal may or may not look like. A number of institutions were suspended from our counterparty lists earlier in the year and for those remaining on the list, the duration advice remains up to 35 days.

- 1.17 An outlook for the remainder of 2020/21 and interest rate forecast provided by Arlingclose is attached at **Annex A**.

3. Local Context

- 1.18 As at 31 October 2020 the Authority has borrowings of £154m and investments of £64m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

Table 1: Balance Sheet Summary and Forecast

	31/03/20 Actual £m	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
General Fund CFR	371	412	465	491	471
Less: Other long term liabilities *	(24)	(22)	(21)	(20)	(18)
Loans CFR	347	390	444	471	453
Less: External borrowing **	(201)	(130)	(78)	(77)	(76)
Internal (over) borrowing	146	260	366	394	377
Less: Usable reserves	(106)	(102)	(96)	(90)	(87)
Less: Working capital	(80)	(80)	(75)	(73)	(71)
Investments (or New borrowing)	40	(78)	(195)	(231)	(219)

* finance leases and PFI liabilities that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing

1.19 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

1.20 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £100m over the forecast period.

1.21 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority

expects to comply with this recommendation during 2021/21.

1.22 **Liability Benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest

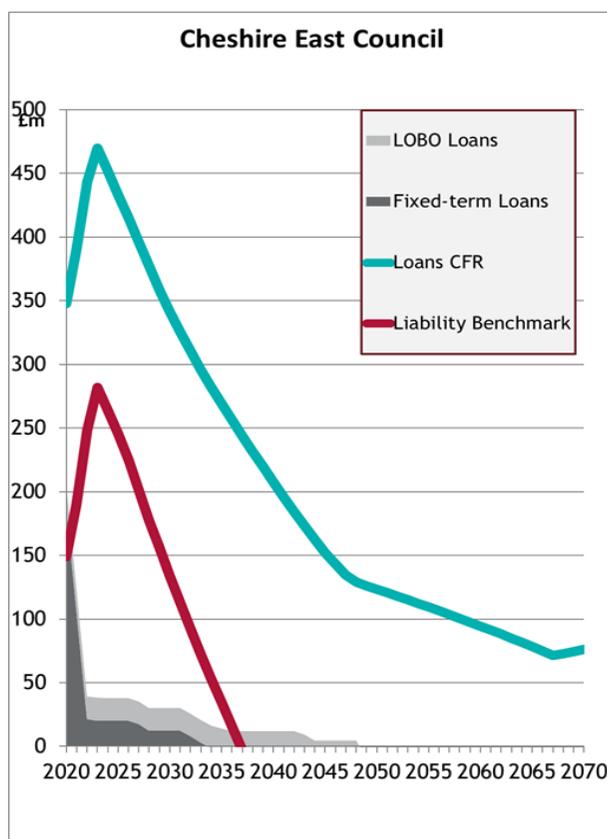
risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

Table 2: Liability Benchmark

	31/03/18 Actual £m	31/03/19 Actual £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
Loans CFR	347	390	444	471	453
Less: Usable reserves	(106)	(101)	(96)	(89)	(87)
Less: Working capital	(80)	(80)	(75)	(73)	(71)
Plus: Minimum investments	20	20	20	20	20
Liability Benchmark	181	229	293	329	315

1.23 Following on from the medium-term forecasts in **Table 2** above the long-term liability benchmark assumes minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in **Chart 1**.

Chart 1: Liability Benchmark Chart



4. Borrowing Strategy

1.24 The Authority currently holds loans of £154m, a decrease of £47m since 31 March 2020. This will increase to a higher level, currently forecast as £240m at 31 March 2021. PWLB debt is reducing by £3.5m this year whilst cash flow shortfalls caused by internal borrowing are being funded through cheaper short term borrowing. The amount of temporary borrowing continues to be affected by Covid-19 expenditure and grants.

1.25 At the moment this is being met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. As rates are currently low and the liquidity of short term markets at year end is very much unknown due to the financial effects of COVID-19 on local authority cashflows, new borrowings are for maturity dates extending into 2021/22. The cost (including fees) to 31 October 2020 is around 0.89% although new borrowings are now considerably less. If the predicted interest environment changes or the availability of temporary borrowing changes then this strategy will be re-assessed. A full list of current temporary borrowings is shown below in **Table 3**.

Table 3 – Current Temporary Borrowing

Lender	Start	Maturity	Rate %	£m
South Ayrshire	07/07/20	07/01/21	0.45	5.0
West of England CA	22/06/20	22/01/21	0.45	5.0
Devon & Somerset Fire & Rescue	03/08/20	06/04/21	0.50	5.0
London Borough of Bromley	17/09/20	06/04/21	0.45	5.0
Derbyshire Pension Fund	07/09/20	07/04/21	0.29	5.0
North & Tyne CA	08/10/20	08/04/21	0.45	5.0
London Borough of Bromley	21/09/20	12/04/21	0.42	5.0
Northern Ireland Housing Executive	04/08/20	16/04/21	0.30	10.0
Perth & Kinross	21/09/20	21/04/21	0.40	5.0
PCC Hampshire	23/10/20	23/04/21	0.25	4.0
Hampshire Fire & Rescue	23/10/20	23/04/21	0.25	1.0
Somerset	21/09/20	04/05/21	0.40	5.0
Northern Ireland Housing Executive	25/09/20	25/05/21	0.25	4.0
North Tyneside	21/09/20	21/06/21	0.45	5.0
Wokingham	11/09/19	10/09/21	0.90	5.0
TOTAL				74.0

1.26 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2020/21, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

5. Investment Strategy

1.27 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Due to the overriding need for short term borrowing, other than £20m invested strategically in managed funds, the investments are generally short term for liquidity purposes. However, receipt of Government funding due to Covid-19 measures and other schemes in advance of expenditure has led to higher balances than expected. The level at 31 October 2020 is £64m and is forecast to reduce through the remainder of 2020/21.

1.28 The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when

investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

1.29 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 although none are currently being used.

1.30 Treasury Management income to 31 October 2020 is £610,000 which is higher than the budgeted £580,000. Offsetting this are increased borrowing costs (currently £10,000 higher than budget). The level of cash balances is expected to remain at around £50m until January after which they will decrease in line with normal Local Authority cash flows resulting in a continued need to borrow.

- The average daily investment balance including managed funds up to 31 October 2020 is £65.0m
- The average annualized interest rate received on in-house investments during 2020/21 is 0.26%
- The average annualized interest rate received on the externally managed funds during 2020/21 is 4.62%

1.31 The Authority's total average interest rate on all investments in 2020/21 is 1.61%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.06%, and our own performance target of 0.60% (Base Rate + 0.50%).

Table 4 – Interest Rate Comparison

Comparator	Average Rate to 31/10/2020
Cheshire East	1.61%
LIBID 7 Day Rate	0.06%
LIBID 3 Month Rate	0.16%
Base Rate	0.10%
Target Rate	0.60%

1.32 As the Authority holds a large amount of reserves and working capital, £20m of this has been placed in strategic investments in order to benefit from higher income returns whilst spreading risk across different asset classes.

1.33 The investments are in five different funds which are all designed to give an annual income return between 4% and 5% but which have different underlying levels of volatility. By spreading investments across different types of fund, the intention is to dampen any large fluctuations in the underlying value of the investments.

Table 5 –Strategic Investments

Fund Manager	Asset Class	Invested £m	Current Value £m
CCLA	Property	7.5	7.4
Aegon (Kames)	Multi Asset	5.0	4.6
Fidelity	Equity - Global	4.0	3.6
Schroders	Equity - UK	2.5	1.6
M & G	Bonds	1.0	1.0
TOTAL		20.0	18.6

1.34 The value of these investments does vary. The effects of Covid-19 on financial markets and values of underlying assets has been considerable. Fund values at 31 October 2020 are significantly lower than the amounts invested although they have improved slightly since 31 March 2020. However, they all continue to deliver high levels of income return.

Chart 2 – Current Investments by Counterparty Type

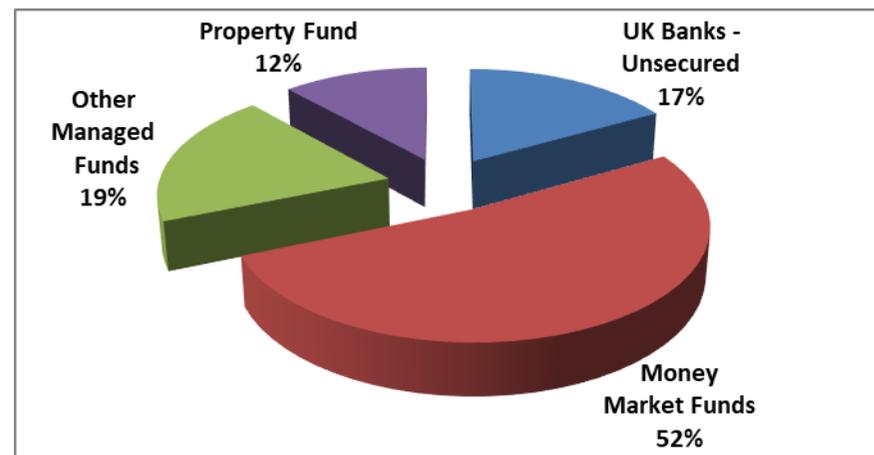


Table 6 – Types of Investments and Current Interest Rates

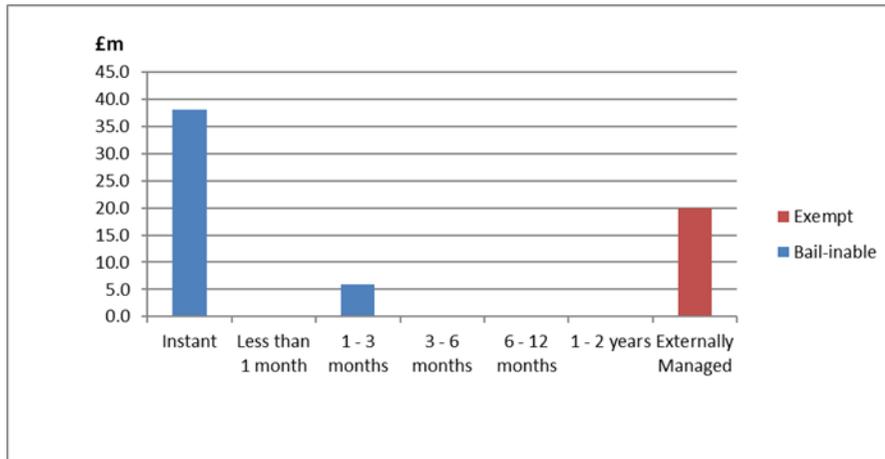
Instant Access Accounts	Average Rate %	£m
Money Market Funds	0.05	33.3
Barclays Bank	0.01	4.8

Call Accounts	Earliest Maturity	Rate %	£m
Santander – 35 day	24/12/20	0.57	6.0

Externally Managed Funds	£m
Total – see table 5	20.0

Summary of Current Investments		£m
TOTAL		64.1

Chart 3 – Maturity Profile of Investments



Note: Bail-inable means that in the event of default the counterparty may be required to use part of the investments as their own capital in which case the Council would not get back as much as they invested. This would apply with most bank and Building Society investments.

6. Treasury Management Indicators

1.35 The Authority measures and manages its exposures to treasury management risks using the following indicators.

1.36 **Interest Rate Exposures:** This indicator is set to control the Authority’s exposure to interest rate risk. The upper limit on the one-year revenue impact of a 1% rise in interest rates is:

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£545,000
Likely revenue impact in 2020/21 of a 1% <u>rise</u> in interest rates after 31 October 2020	£202,000

1.37 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The Council is expected to remain a net borrower in 2020/21 so a fall in rates would lead to savings rather than incurring additional cost so a limit of £0 was set.

1.38 **Maturity Structure of Borrowing:** This indicator is set to control the Authority’s exposure to refinancing risk. Lower limits have been set at 0%. The upper limits on

the maturity structure of borrowing and the actual maturity profiles as at 31 October 2020 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	61%
12 months and within 24 months	35%	1%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	8%
10 years and within 20 years	100%	11%
20 years and above	100%	19%

1.39 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively

high as short term funding is currently considerably cheaper than alternatives. This will be kept under review as it does increase the risk of higher financing costs in the future but may currently be limiting ability to take advantage of lower short term rates.

1.40 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

Annex A: Economic & Interest Rate Forecast – Outlook for 2020/21

The medium term global economic outlook is very weak. While the strict initial lockdown restrictions had eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis leading to a further lockdown. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in quarter 3.

However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut

to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose's central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Annex B: Existing Investment & Debt Portfolio Position

	31/10/20 Actual Portfolio £m	31/10/20 Average Rate for the year %
External Borrowing:		
PWLB – Fixed Rate	62	4.44%
Local Authorities	74	0.65%
LOBO Loans	17	4.63%
Other	1	-
Total External Borrowing	154	2.60%
Other Long Term Liabilities:		
PFI	21	-
Finance Leases	1	-
Total Gross External Debt	176	-
Investments:		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	33	0.05%
Call Accounts	5	0.01%
Notice Accounts	6	0.57%
<i>Managed externally</i>		
Property Fund	7.5	3.56%
Multi Asset Fund	5	4.61%
Equity - Global	4	5.02%
Equity - UK	2.5	7.43%
Bonds	1	3.96%
Total Investments	64	1.52%
Net Debt	112	-

Appendix 6

Investment Strategy

1. Purpose

- 1.1 The Investment Strategy is part of a suite of related documents, and focuses predominantly on matters not covered by Capital Strategy and Treasury Management Strategy.
- 1.2 The Authority invests its money for three broad purposes:
 - because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.3 Often there may be a crossover with investments within the Authority. Whilst a return may be a by product of an investment this is rarely the overriding reason for making or retaining an investment. It will be linked to other long term strategic or regeneration factors.
- 1.4 The investment strategy meets the requirements of the statutory guidance issued by MHCLG in February 2018, and

focuses on the second and third of the investment categories.

2. Treasury Management Investments

- 1.5 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £20m and £148m during the 2020/21 financial year.
- 1.6 Full details of the Authority's policies and plans for 2020/21 for treasury management investments are covered the Treasury Management Strategy (**Appendix 5**).

3. Service Investments: Loans

- 1.7 Current loan balances are shown in the table below. Upper limits on the outstanding loans to each category of borrower were set through the MTFS process:

Table 1: Loans for service purposes in £'000

Category of borrower	31/03/20	As at 31/10/20			2020/21
	Actual	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	24	24	1	23	500
Local businesses	5,087	5,412	61	5,351	30,000
Local charities	601	601	44	557	2,500
TOTAL	5,712	6,037	106	5,931	35,000

1.8 Loans have been provided to Everybody Sport & Recreation Trust (ESAR) for the purpose of investing in new equipment, with the aim of increasing the usage and improving the health of residents.

1.9 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. In order to retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and loans. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.

1.10 In addition, the Council has committed to investing £5m (and lent £3.9m as at 31 October 2020) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners

in the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership and Alderley Park Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire and Warrington areas, which includes Alderley Park where the Fund is based.

1.11 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallize when funds are extracted.

1.12 Only the ESAR loans are interest bearing and are reflected in the “Local Charities” category. These are paid at a rate of Bank of England base rate plus 4%. In 2020-21 this was expected to generate interest of £24,000 at a return of 4.27% pre Covid-19.

1.13 The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Instead the allowance represents a prudent accounting treatment required by CIPFA guidance. The figures for loans in the Authority’s statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

1.14 The GM Life Science Fund is however “revalued” on an annual basis based upon the net asset valuation of the Fund

and this largely accounts for the notional negative return of the loan category in 2019/20. This has recovered in 2020/21.

4. Service Investments: Shares

1.15 The Authority has invested in Alderley Park Holdings Limited in order to maintain and stimulate the key strategic industry of life sciences within the Borough. Cheshire East is a 10% shareholder in Alderley Park, and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (MSP; 39% shareholder).

1.16 This should be seen as a long-term strategic investment. Although the internal valuation of our stake has fallen (i.e. reduction in net asset value) this year and last, due in large part to the general fall in value of property based companies, the following observations should be noted:

1.17 The valuation is still greater than the purchase prices and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place.

1.18 The reduction in value largely arise from accounting transactions. A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake. As it is a long-term strategic asset there is ample time for the sector to recover.

1.19 The Council also has shares in its subsidiary, wholly owned companies. However they are of nominal value, and consequently whilst the turnover of the group of companies

is significant (£60m in aggregate) the share values are not considered material in the context of this Investment Strategy.

1.20 Upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £'000

Category of company	31.3. 2020 actual	As at 31/10/2020			2020/21
		Amounts invested	Gains or losses	Value in accounts	Approved Limit (cost of investment)
Local Businesses	3,110	1,070	2,040	3,110	10,000
TOTAL	3,110	1,070	2,040	3,110	10,000

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5. Commercial Investments: Property

1.21 For the purpose of this paper it should be noted that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit. In order to comply with this the Authority is having to include several assets in **Table 3** that might otherwise be excluded as they are not being held to primarily generate a yield or return.

1.22 Central government continues to express concern over the level of commercial investments held by Local Authorities and the risk that this presents to residents in the event that an Authority becomes over exposed.

1.23 In the most recent spending review the Chancellor of the Exchequer has effectively prohibited the future purchase of commercial assets primarily for generating a yield. This is a significant move which may impact the Authority's future plans. Careful attention will need to ensure that yield is an incidental factor in any future decision to invest in a commercial property investment.

1.24 As part of this monitoring Authorities will be required to submit a capital financing and spending plan covering three years. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) will not advance any lending to the Authority.

1.25 Historically, the most significant commercial investment acquired by the Authority is land and buildings on the North and East side of Weston Road in Crewe purchased in April 2019. This accounts for 90% of the value in the accounts at 31 March 2020.

1.26 For the purpose of this report we have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple calculation of yield.

1.27 The value of properties is updated annually. The most recent valuation is from March 2020. It is possible that Covid has impacted some valuations but we will not have an assessment of this until the end of the financial year.

Table 3: Property held for investment purposes in £'000

Property	Actual	31/03/20 actual		31/03/21 expected		2020/21 Approval Limit
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts	
Industrial Units	1,492	522	1,965	0	1,965	
Enterprise Centres	245	(947)	350	0	350	
Retail	23,300	(500)	24,870	0	24,870	
Residential	110	(435)	240	0	240	
Total	25,147	(1,360)	27,425	0	27,425	100,000

6. Commercial Investments: Loans

1.28 In considering commercial investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed

1.29 The Council has approved entering into a £10m loan agreement with Cheshire & Warrington Local Enterprise Partnership linked to developments within the Business Rates Enterprise Zone. The intention is to stimulate economic development and achieve payback from retained business rates.

1.30 The first loans in respect of Alderley Park Glasshouse and Blocks 22-24 are due to be made in December 2020. Together they total £8m and will begin to generate a return in the form of interest in the next financial year.

Category of borrower	2020/21
	Approved Limit £000
Partner Organisations	20,000

7. Loan Commitments and Financial Guarantees

1.31 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council acts as Entrusted Entity to a £20m European Regional Development Fund (ERDF) supported Urban Development Fund which is about to commence. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.

1.32 The fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. As such the balances are not included in the investment tables above. The workings of the fund are subject to detailed scrutiny and will be managed by a firm of experienced fund managers with a strong track record of providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

1.33 The fund is in the process of making its first investment.

8. Proportionality

1.34 The Authority is only partially dependent on profit generating investment activity to achieve a balanced revenue budget, in respect of Place services. **Table 4** below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, with the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

Table 4: Proportionality of Investments in £'000

	2018/19 Actual	2019/20 Actual	2020/21 Budget	2021/22 Budget	2022/23 Budget
Gross service expenditure - Directorate Level	77,367	73,137	74,082	73,809	75,542
Investment income	(2,298)	(1,785)	(1,038)	(1,698)	(1,698)
Proportion	3%	2.5%	1.4%	2%	2%

NB: The proportion is the investment income divided by the gross service expenditure

9. Borrowing in Advance of Need

- 1.35 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority follows this guidance.
- 1.36 As referred to above in **Section 6**, this has been strengthened by the government effectively prohibiting investment in property primarily for yield.

10. Capacity, Skills and Culture

- 1.37 The Authority has established an Investment Strategy Board comprised of members, supported by officers and where necessary, external advisors, and acts on recommendations from officers that consider opportunities to enhance the Revenue & Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.
- 1.38 The Board is made up of the following individuals:
- The Leader of the Council (Chair)
 - Deputy Leader of the Council
 - Portfolio Holder for Finance, ICT & Communication
 - Portfolio Holder for Environment & Regeneration
- 1.39 Support is provided by:
- Executive Director Place
 - S151 Officer

- Monitoring Officer

11. Investment Indicators

- 1.40 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.
- 1.41 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £'000

Total investment exposure	31/10/20 Actual	31/03/21 Forecast	31/03/22 Forecast
Treasury management investments	51,100	20,000	20,000
Service investments: Loans	6,037	5,936	5,802
Service investments: Shares	3,110	3,110	3,110
Commercial investments: Property	27,425	27,425	57,425
Commercial Investments: Loans	0	10,000	20,000
TOTAL INVESTMENTS	87,672	66,471	106,337
Commitments to lend	1,159	1,159	1,159
TOTAL EXPOSURE	88,831	67,630	107,496

- 1.42 **How investments are funded:** Currently the Authority's investments are funded by usable reserves and income received in advance of expenditure.
- 1.43 However in 2020/21 there is a possibility if the Authority decides to increase its investments in commercial properties and loans that they may require funding from borrowing.

Table 6: Investments funded by borrowing in £'000

Investments funded by borrowing	31/03/19 Actual	31/03/20 Actual	31/03/21 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	10,000
Service investments: Shares	0	0	0
Commercial investments: Property	28,785	27,425	100,000
Commercial Investments : Loans	0	0	20,000
TOTAL FUNDED BY BORROWING	28,785	27,425	130,000

- 1.44 **Rate of return received:** In part, this indicator shows for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.
- 1.45 The return for the Service Investments: Loans and Shares is not a true realised return but is instead the % fluctuation in the underlying value of the new assets within the Life Science Fund and Alderley Park Holdings Limited. As such they do not reflect actual cashflows.

- 1.46 We do not yet have updated accounts for Alderley Park Holdings to allow for an accurate calculation of the forecast rate of return for shares in 2020/21. Thus it is shown at zero as the value has not fluctuated from the last known actual. It is hoped that accounts will be available for the annual Investment Strategy as included with the MTFs.
- 1.47 The major assets included within Commercial Investments: Properties, representing over 90% of the value, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on 'bricks and mortar retail', the Council will only experience an impact on its Revenue Account if a tenant goes into liquidation or is subject to a (lower) rent review.
- 1.48 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both of these have thus far weathered the local economic effects of the Covid-19 pandemic though we might expect further reductions in asset value in this financial year.
- 1.49 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both

has held up during the year. The change in reported return from 2019/20 is due in part to fully accounting for revenue financing costs on the primary asset. This has reduced the reported net income figure used for the returns calculation. There are also some adjustments for rents factored in as a result of Covid-19. The hope is that these will be a one off adjustment and returns will recover next year.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2019/20 Actual	2020/21 Actual	2021/22 Forecast
Treasury management investments	2.12%	1.61%	2.00%
Service investments: Loans	-12.59%	11.67%	0.35%
Service investments: Shares	-26.25%	0.00%	0.00%
Commercial investments: Property	6.66%	4.13%	6.66%

Appendix 7

Reserves Strategy

Management of Council Reserves

1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
2. The opening balance at 1 April 2020 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2019/20.
3. The updated Risk Assessment for 2020/21 provides for the Minimum Level to be set at £10.3m. This is considered a relatively prudent overall target for reserves at 3.4% of the net budget.
4. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31 March 2020 balances on these reserves stood at £40.9m, excluding balances held by Schools.
5. During 2020/21, a number of reserves will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding.
6. The Collection Fund reserve includes a S31 grant of £30m received from MHCLG to fund the Council's 49% share of the Extended Retail Relief as a result of Covid-19. This has been received in 2020/21 and will be used to repay the resulting deficit in the business rates collection fund that is due to be paid back in 2021/22 as a result of the relief being granted.
7. As part of the management of the outturn for 2020/21, and the Medium Term Financial Strategy 2021 to 2025, the Council aims to defer costs related to the Capital Programme and income losses in the Collection Fund in order fully protect the Council's General Reserves in 2020/21. Any variation to this position will be managed through the Council's Covid-19 Earmarked Reserve, which was created in March 2020 to receive non-ringfenced grants related to the pandemic.
8. The third quarter position, excluding Covid-19, presents a balanced position (to within budget by 0.5%). Any variation to this position at year-end will be managed through the Council's Medium Term Financial Strategy Earmarked Reserve.
9. **Table 1** shows the forecast total reserves at the end of March 2020/21. Overall the Council remains in a strong financial position given the major challenges across the public sector.
10. Details of individual reserves are shown in **Table 2** below.

Table 1 – Reserves Position

	£m
General Reserve	10.3
Earmarked Reserves (excluding Schools)	67.2
Total Reserves Balance at 31 March 2021	77.5

Table 2 – Earmarked Reserves Position

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	2,504	114	2,618	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Public Health	978	859	1,837	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.
Public Health (DHSC ring-fenced Covid grant)	0	5,038	5,038	Ring-fenced against covid activities - DHSC funding for Test & Trace + Contain Outbreak Management Fund.
NHB Community Fund	132	(132)	0	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects
Children's Services				
Domestic Abuse Partnership	70	(20)	50	To sustain preventative services to vulnerable people as a result of partnership funding.
SALT and OT	63	(63)	0	To support the additional investment into Speech and Language Therapy (SALT) and Occupational Therapy (OT). Reserve to be fully utilised in 20/21 - risk of shortfall in future years.

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
Place				
Investment (Sustainability)	682	(561)	121	To support investment that can increase longer term financial independence and stability of the Council.
Tree / Structure Risk Management	0	400	400	New reserve to respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Environment and Neighbourhood Services				
Trading Standards and Regulations	36	(36)	(0)	Ongoing Trading Standards prosecution case on product safety.
Air Quality	39	(39)	(0)	Air Quality Management - DEFRA Action Plan.
Strategic Planning	638	(160)	478	To meet costs associated with the Local Plan - site allocations and minerals and waste DPD
Licensing Enforcement	15	(15)	0	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
Highways and Infrastructure				
Parking - Pay and Display Machines & Parking Studies	178	(178)	0	Purchase of Pay and Display machines and town centre parking studies.
Highways Procurement	193	(193)	0	To finance the development of the next Highway Service Contract.
Well Managed Highway Infrastructure Delay	230	(230)	0	Due to the call in of WMHI, the savings proposed relating to winter service cannot be realised and the forecast service costs have increased by £230,000.
Flood Recovery Works	400	(400)	0	27 locations identified for repair works as a result of the 2019 flood events. There are also a further 16 which require investigation to ascertain the scope of the works required.
HS2	303	(303)	0	To support the Council's ongoing programme in relation to Government's HS2 investment across the borough and Transport for the North's Northern Powerhouse Rail Business Case.
Growth and Enterprise				
Royal Arcade Crewe	99	(99)	0	To cover remaining costs relating to the Royal Arcade until demolition.
Legal Proceedings on land and property matters	72	(72)	(0)	To enable legal proceedings on land and property matters.
Housing - Choice Based Lettings	71	(71)	(0)	Housing partner contributions to support the administration of the choice based lettings scheme .
Homelessness & Housing Options	54	(54)	(0)	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Investment Portfolio	558	(340)	218	To support the Council's Investment Acquisition Strategy.

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
Corporate				
Governance and Compliance Services				
Elections	27	96	123	To provide funds for Election costs every 4 years.
Finance and Customer Services				
Insurance (Cheshire East & Cheshire County Funds)	3,889	1,213	5,102	To settle insurance claims and manage excess costs.
Collection Fund Management	6,828	32,724	39,552	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	9,080	(1,652)	7,428	To provide for financing of capital schemes, other projects and initiatives.
New Homes Bonus Community Fund	140	0	140	To support Central Government's New Homes Bonus guidance for community projects, to be allocated in accordance with local priorities.
MTFS Reserve	3,439	(174)	3,265	To support the financial strategy and risk management.
Transformation				
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	450	(54)	396	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Brighter Future Transformation Programme	910	(172)	738	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
Cross Service				
Covid (unringfenced)	8,098	(2,969)	5,129	Covid (Unringfenced) reserve carried forward into 2021/22
Revenue Grants - Other	3,262	(1,122)	2,140	Unspent specific use grant carried forward into 2021/22.
Revenue Grants - Dedicated Schools Grant	(2,560)	(5,017)	(7,577)	Overspend on reserve - see below for full details
TOTAL	40,878	26,318	67,196	

Notes:

1. Figures exclude Schools balances.

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