

# Highways and Transport Committee

## Agenda

---

<b>Date:</b>	<b>Thursday, 21st November, 2024</b>
<b>Time:</b>	<b>10.00 am</b>
<b>Venue:</b>	<b>The Capesthorpe Room - Town Hall, Macclesfield SK10 1EA</b>

---

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

It should be noted that Part 1 items of Cheshire East Council decision making meetings are audio recorded and the recordings will be uploaded to the Council's website.

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

1. **Apologies for Absence**

To note any apologies for absence from Members.

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary interests, other registerable interests, and non-registerable interests in any item on the agenda.

3. **Minutes of Previous Meeting (Pages 5 - 16)**

To approve as a correct record the minutes of the previous meeting held on 19 September 2024.

---

For requests for further information

**Contact:** Karen Shuker

**Tel:** 01270 686459

**E-Mail:** [karen.shuker@cheshireeast.gov.uk](mailto:karen.shuker@cheshireeast.gov.uk) with any apologies

#### 4. **Public Speaking/Open Session**

In accordance with paragraph 2.24 of the Council's Committee Procedure Rules and Appendix on Public Speaking, set out in the [Constitution](#), a total period of 15 minutes is allocated for members of the public to put questions to the committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes each to speak, and the Chair will have discretion to vary this where they consider it appropriate.

Members of the public wishing to speak are required to provide notice of this at least three clear working days in advance of the meeting.

Petitions - To receive any petitions which have met the criteria - [Petitions Scheme Criteria](#), and falls within the remit of the Committee. Petition organisers will be allowed up to three minutes to speak.

#### 5. **Second Financial Review of 2024/25 (Highways and Transport Committee)** (Pages 17 - 88)

To consider the report on the current forecast outturn for the financial year 2024/25 based on income, expenditure and known commitments as at the end of August 2024.

#### 6. **Medium Term Financial Strategy Update 2025/26 - 2028/29 (Highways & Transport Committee)** (Pages 89 - 100)

To consider the report which outlines further development activity required before the final MTFS 2025-29 is presented for approval to the budget setting Council meeting in February 2025.

#### 7. **National Parking Platform (NPP) & Mobile Payment App for parking payments** (Pages 101 - 108)

To receive an update report on the progress and opportunities that arise from the development of the National Parking Platform (NPP).

#### 8. **Application MA-5-246 for an Order to add a footpath between Market Street (A6) and the Community Centre Car Park, Disley** (Pages 109 - 120)

To consider an application for an order to add a footpath between Market Street (A6) and the Community Centre Car Park, Disley.

#### 9. **Proposed Diversion of Public Footpath No.7 (part) in the Parish of Buerton** (Pages 121 - 128)

To consider an application to divert part of Public Footpath No. 7 (part) in the Parish of Buerton.

#### 10. **Work Programme** (Pages 129 - 134)

To consider the Work Programme and determine any required amendments.

## **THERE ARE NO PART 2 ITEMS**

**Membership:** Councillors L Braithwaite, C Browne, A Burton, R Chadwick, P Coan, A Coiley, L Crane (Vice-Chair), H Faddes, A Gage, M Goldsmith (Chair), C Hilliard, M Muldoon and M Sewart

This page is intentionally left blank

## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Highways and Transport Committee**  
held on Thursday, 19th September, 2024 in the Capesthorne Room - Town  
Hall, Macclesfield SK10 1EA

### **PRESENT**

Councillor M Goldsmith (Chair)  
Councillor L Crane (Vice-Chair)

Councillors C Browne, L Braithwaite, R Chadwick, A Coiley, H Faddes,  
A Gage, C Hilliard, M Muldoon, M Sewart and M Brooks

### **OFFICERS IN ATTENDANCE**

Genni Butler, Countryside Access Development Manager  
Domenic De Bechi, Head of Highways  
John Lindsay, Definitive Map Officer  
Jenny Marston, Transport Policy & Strategy Manager  
Adele Mayer, Definitive Map Officer  
Tom Moody, Director of Highways and Infrastructure  
Marianne Nixon, Public Path Orders Officer  
Nicola Lewis-Smith, Public Rights of Way Manager  
Steve Reading, Principal Accountant  
Mandy Withington, Solicitor  
Karen Shuker, Democratic Services Officer

### **22 APOLOGIES FOR ABSENCE**

Apologies were received from Councillors P Coan and J Priest. Councillor  
M Brooks attended as a substitute.

### **23 DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **24 MINUTES OF PREVIOUS MEETING**

#### **RESOLVED:**

That the minutes of the meeting held on 19 July 2024 be approved as a  
correct record.

### **25 PUBLIC SPEAKING/OPEN SESSION**

Ms C Jones addressed the committee in relation to agenda item 6 Bus  
Service Review – Results and Recommendations and asked what the  
breakdown of the subsidy the Council provided was, and what that  
included.

In response officers reported that there was a bus support criteria which allocated funding on a needs basis based on a range of different factors which had been approved by the Highways and Transport Committee. Officers would provide Ms Jones with a copy of the criteria in respect of those services that were subsidised.

Ms S Heliwell addressed the committee in relation to agenda item 6 Bus Service Review – Results and Recommendations and asked when Alsager would get its Saturday service? Sainsbury's were building a supermarket in Alsager and in part of the S106 agreement it clearly stated that there would be a bus provision for 3 years for a Saturday service between Sandbach and Alsager. Leighton Hospital offered Saturday appointments and at present the hospital was not accessible by a direct bus route. It was currently costing residents two separate ticket prices.

In response officers confirmed that the Council had received the S106 money from the developer and would be using that funding to provide a Saturday day service so the timetable would mirror the Monday to Friday operation which would follow through to Leighton hospital as well. This would be built into the service specification for the 317 service.

The chair agreed to read out questions received from Ms S Bradley who was unable to attend the meeting. The questions related to item 7 – Crossings Facility, specifically page 231 of the report - the Prioritisation Matrix

1. Weighting and scoring should be clearly explained, can a key be added to the form.?
2. What are the timeframes of assessing a crossing to design then installation?
3. Will the prioritisation matrix and scoring be made available to the public?
4. There are no recognition of petitions, petitions represent local knowledge and understanding of requirements, can this be included and scored in Area E?

Officers agreed to provide a written response.

## **26 FIRST FINANCIAL REVIEW 2024/25**

The Committee considered a report which provided the current forecast outturn for the financial year 2024/25 based on the Council's income, expenditure and known commitments as at the end of July 2024. It also identified actions that were being taken to address adverse variances to urgently address the Council's financial sustainability.

The Council was forecasting an additional in-year pressure of £26.5m - this was before the application of any exceptional financial support. The

Highways & Infrastructure were reporting an underspend of £0.5m against a net budget of £16m.

The overall reasons for the £26.5m pressure were outlined in the report.

The key reasons for the underspend were outlined in the report and included additional income.

The Committee noted the Transport Bus Service Improvement Plan+ (BSIP+) grant, the ear marked reserves for the Committee and the planned use for those items, and the capital programme which was still under review.

The Committee welcomed the reported underspend for the Highways and Transport Service and thanked officers for their hard work. Members expressed frustration in respect of the overspend in other areas which meant that any underspend in the Highways and Transport Service as outlined in the report would contribute to the overall corporate position rather than being earmarked for the Highways budget which was clearly needed.

Members asked questions and sought assurance in relation to

- That officers were building business cases to justify the additional capital spend.
- Whether it was an officer decision or a contractor decision to only provide one weed spray this year.
- Was there an opportunity to look at the weedkilling policy as part of the work programme to allow members to provide input into it rather than it being a wholly officer-based decision.
- What facility did the committee have through the Chair to write to the Chairs of the Adults & Heath Committee and Children & Families Committees in respect of their budget overspends.

In response, officers reported that:-

- Although weedkilling was not a statutory service, treatment for weedkilling was still underway using manual equipment rather than the spray that was previously used as this was not as effective in the inclement weather.
- Although it was ultimately an officer decision in respect of the weedkilling policy, allocation of funding across the wider area would be something that officers could involve members in.
- The Chair agreed to take on board the concerns in relation to the overspend in other areas impacting on the budgets of other services and explained that the Transformation Programme would be focusing on those departments to support them in providing their services but keeping within budget.

**RESOLVED:** - By Majority

That the Highways and Transport Committee

1. Review the factors leading to a forecast adverse/(positive) Net Revenue financial variance of: Council: £26.5m against a revised budget of £387.6m (6.8%) Highways and Transport: (£0.5m) against a revised budget of £16.0m (3.1%) To scrutinise the contents of Annex 1, Section 2 relevant to services within the committee's remit, and review progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and to understand the actions to be taken to address any adverse variances from the approved budget.

2. Consider the in-year forecast capital spending of: Council: £164.5m against an approved MTFS budget of £215.8m Highways and Transport: £45.8m against an approved MTFS budget of £66.5m due to slippage that has been re-profiled into future years.

3. Note the available reserves position as per Annex 1, Section 5 of the report.

4. Note that Council will be asked to approve Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3, Table 1 of the report.

5. That the Supplementary Capital Estimate above £500,000 up to and including £1,000,000 as per Annex 1, Section 4, Table 3 of the report, in accordance with the Council's Constitution be approved

**27 BUS SERVICE REVIEW - RESULTS AND RECOMMENDATIONS**

The Committee considered a report which presented the findings of a strategic review of the Council's financial support for local bus services. The review was undertaken to ensure that spending provided value for money and best met the needs of passengers within prevailing budget constraints.

The Council's existing supported bus contracts were due to expire at the end of March 2025. The process to re-procure services was scheduled to begin in October, with new contracts due to start in April 2025. The outcomes from the bus service review and associated consultation had informed the service specifications and the proposed changes to the supported bus network were outlined in the report.

Councillor R Bailey attended to speak as a visiting member. Cllr Bailey was grateful for the Go Too service but shared her concerns that it was in operation without full testing of those who rely on it.

There was no commercial bus service in Audlem and following a residents meeting it was found that a lot more people relied on the regular commercial bus service for a number of reasons.

40 residents met with the local MP, who wrote to Cheshire East raising concerns. The report has been shared as though there are services in place, when it was the Go Too service in place, along with the retention of the commercial service not being re-procured until 1st April.

The report gave an underlying feeling that no one used the bus service in Audlem, and by 1<sup>st</sup> April next year they would have given up hope of a bus service, lost employment, or education, or will have become isolated.

In relation to the recommendations on Page 71, specifically 2a – Councillor Bailey asked that Cheshire East Council as a matter of urgency expedite the re procurement of services 72 and 73 to ensure there was a service in place for Audlem and surrounding areas.

In addition, that the performance of the Go Too bus was carefully scrutinised, which all too often was cancelled at late notice.

Councillor Bailey emphasised the priorities outlined in Cheshire East's Corporate Plan specifically inclusivity and access to education, and without transport support, the council would fail on those priorities.

The Committee welcomed the report and asked questions and sought assurance in relation to:

- Flexible transport – concerns around qualification, and that it would be open to travellers who have no viable public transport service available. Would those residents who are elderly or disabled continue to have access to the Flexi Link service.
- Concerns around the reliability of the Go Too Service in the south of the borough
- If monthly performance data on failure rates and usage in the area could be shared with members
- Is the concessionary bus pass travel still valid on the Flexi bus?
- Are pets allowed on the service?

In response officers reported that

- The Flexi link service would continue for those with limited mobility/ and the elderly.
- Officers would look to investigate the Go Too Service provision in that area as it was suggested there was spare capacity on the Go Too Service.
- Officers agreed that they could share monthly performance data with members so that they could look at the areas of concern.

- concessionary passes could be used on the Go Too Service after 9.30am, half an adult fare before 9.30am and free to travel on a Saturday.
- Only assistance dogs are permitted – to accommodate those who don't wish to travel with dogs.

In response to a question in respect of advertising the service, officers reported that some of the BCIP grant funding would be used on marketing the service, especially in those rural areas. There would be a review on what community transport schemes were available as this had not been reviewed since before covid.

In response to concerns around the period of notice given by D & G when withdrawing its service members suggested that consideration be given to a longer clause in future contracts in respect of notice periods.

**RESOLVED:** Unanimously

That the Highways and Transport Committee

1. Note the findings of the Bus Service Review 2024 (see Appendix 1 and 2 of the report) and the associated Consultation Summary Report (see Appendix 3).
2. Approve the current proposals for a revised supported bus network, as below and in Appendix 4, whereby the Council will;
  - a) Cease revenue support for the 70 Nantwich to Tiverton (2 journeys daily) and replace with access to flexible transport (see below). Reconfigure the 72 and 73 Nantwich rural services (serving Wrenbury and Audlem) and provide a direct local bus service linking Nantwich to Leighton Hospital.
  - b) Increase frequency of service on the northern section of route 391/392 between Poynton and Stockport to hourly.
  - c) On a trial basis, extend FlexiLink hours of operation to include 16:30-21:00 and provision of a Saturday service (09:00-18:00) and make it available for use by all passengers who do not have access to a fixed-route bus service.
  - d) All other Council supported bus services are largely unchanged as a result of these recommendations (see Appendix 4).
3. Delegate authority to the Director of Highways and Infrastructure to:
  - a. finalise the remaining proposals for supported bus services, including any necessary service adjustments;
  - b. finalise supported bus service specifications for procurement;

c. identify the most cost effective delivery model for flexible transport which also meets the provision for home-to-school special educational needs & disability transport, in consultation with the Director of Education, Strong Start and Integration;

d. procure the Council's supported bus services including flexible transport;

e. award supported bus service contracts to start in April 2025.

## 28 CROSSING FACILITIES STRATEGY

The Committee considered a report on the Cheshire East Crossing Facilities Strategy for adoption into formal Council practice.

The proposed strategy would help the Council improve the way it managed and maintained the local highway network by providing a consistent process for considering crossing requests and determining the priority for funding.

Members were reminded that there was no statutory requirement to provide crossing facilities and the demand for crossing facilities far outweighed what the Council could build or maintain. There were additional costs incurred on top of installing a crossing facility which included the maintenance and additional infrastructure.

The Committee welcomed the report and asked questions in respect of

- Whether it would be better to maintain the crossing facilities already in place rather than putting new ones in which would mean more maintenance issues and end up being safety issues if they are not maintained?
- Whether consideration could be given to more economic elements for crossings be looked at rather than the expensive elements given the current financial situation.

In response officers reported that

- The priority for the Council was safety and to maintain the assets that were already there.
- The report outlined alternative options available that may be more viable financially and do the same job the public wanted that made crossings safer.

In response to a question in relation to whether it was national criteria that was used to assess whether a school warrants a crossing patrol, as this area came under the remit of a separate department in the Highways service, officers agreed to provide a written response.

**RESOLVED:** Unanimously

That the Highways and Transport Committee is recommended to:

1. Approve the adoption of the Cheshire East Crossing Facilities Strategy in Appendix 1 of the report.
2. Delegate authority to the Director of Highways and Infrastructure to make technical amendments to the Cheshire East Crossing Facilities Strategy and its Prioritisation Matrix and update the Highways and Transport Committee on any significant changes as required.

*The Committee adjourned for a 10-minute break.*

*Councillor C Browne left the meeting after consideration of this item and did not return.*

**29 WILDLIFE & COUNTRYSIDE ACT 1981 – PART III, SECTION 53, APPLICATION NO: CO/8/48: APPLICATION FOR THE ADDITION OF A PUBLIC FOOTPATH FROM MILL LANE TO THE JUNCTION WITH FOOTPATH NO.8 HASSALL**

The Committee considered a report which outlined the investigation into the application to amend the Definitive Map and Statement to add a Public Footpath between Mill Lane (UY1177) to junction with Footpath No.8 Hassall from A-B-C-D-E.

The Committee considered the evidence submitted and researched in the application to add a Public Footpath in the Parish of Hassall. The Committee agreed that the balance of documentary evidence did not support the case that a public footpath subsists along the route between points A-B-C-D-E as shown on plan No. WCA/043 at Appendix 1 of the report.

**RESOLVED:** Unanimously

That The Highways & Transport Committee

1. Agree that the application to add a footpath as shown between points A-B-C-D-E on Plan No. WCA/043 at Appendix 1 of the report is refused on the grounds that there is not any robust evidence to overturn the legal presumption that the Definitive Map and Statement are correct.

*Councillor M Brooks left the meeting after consideration of this item and did not return.*

**30 WILDLIFE & COUNTRYSIDE ACT 1981 -PART III, SECTION 53, APPLICATION NO: CO/8/35: APPLICATION FOR THE ADDITION OF A PUBLIC FOOTPATH FROM FOOTPATH NO.9 HASSALL TO THE JUNCTION WITH FOOTPATH NO.8 HASSALL, HASSALL.**

The Committee considered a report which outlined the investigation into the application that was made on the 24 August 2015 to amend the Definitive Map and Statement to add a Public Footpath between Footpath No.9 Hassall (junction with Hassall Moss, UY1177) to junction with Footpath No.8 Hassall from A-B-C Plan ref: WCA/042 (Appendix 1).

The Committee considered the evidence submitted and researched in the application to add a Public Footpath in the Parish of Hassall. The Committee agreed that the requirements of Section 53(3)(c)(i) had not been met and that there was insufficient evidence to make a Definitive Map Modification Order to record a public footpath between footpath No.9 & footpath No.8 Hassall.

**RESOLVED: Unanimously**

That The Highways & Transport Committee

1. Agree that the application for the addition of the footpath as shown between points A-B-C on Plan No. WCA/042 at Appendix 1 of the report, be refused on the grounds that there is not any robust evidence to overturn the legal presumption that the Definitive Map and Statement are correct

**31 WILDLIFE AND COUNTRYSIDE ACT 1981 - PART III SECTION 53 APPLICATION NO CN-7-29 APPLICATION FOR THE VARYING OF PARTICULARS OF PUBLIC FOOTPATH 17 CREWE**

The Committee considered a report which outlined the evidence submitted and researched in the application to modify the Definitive Map and Statement of Public Rights of Way ("the DM") by varying the location of a part of Public Footpath 17 Crewe.

The Committee agreed that the evidence submitted was not conclusive that the Definitive Map was incorrect.

**RESOLVED: Unanimously**

That The Highways and Transport committee

1. Agree that the application for the variation of part of Public Footpath 17 Crewe be refused on the grounds that it cannot be demonstrated that the Definitive Map and Statement needs modifying

**32 WILDLIFE AND COUNTRYSIDE ACT 1981 - PART III SECTION 53 TWO APPLICATIONS NOS. CO-8-37 AND CO-8-38 TO VARY THE LOCATION OF PUBLIC FOOTPATHS 34 AND 36 IN THE PARISH OF ODD RODE**

The Committee considered a report which outlined the investigation into two applications made in 2008 by the agent for the owner of land in Odd Rode. The applications sought to delete the line of Public Footpaths 34 and 36 Odd Rode and add a public footpath on a different line to the Definitive Map and Statement of Public Rights of Way (the "DM").

The Committee agreed that on the balance of probabilities of lack of evidence, the Definitive Map was not proved to require modification.

**RESOLVED: By Majority**

That The Highways and Transport

1. Agree that the applications for variation of Public Footpath 34 and 36 in the parish of Odd Rode be refused on the grounds that it cannot be demonstrated that the Definitive Map and Statement needs modifying.

**33 PROPOSED PUBLIC PATH CREATION AGREEMENT: HULME WALFIELD, PUBLIC FOOTPATH NO. 2**

The Committee considered a report which sought approval to enter into a Public Path Creation Agreement with the owner of land over which a Public Footpath runs, to change its legal status to that of Public Bridleway.

**RESOLVED: Unanimously**

That The Highways and Transport Committee

1. Agree that a Public Path Creation Agreement be entered into under Section 25 of the Highways Act 1980 to change the legal status of Public Footpath No. 2 in the Parish of Hulme Walfield, as illustrated on Plan No. HA/151 within the report, to Public Bridleway.

2. Agree that public notice of the making of the Agreement be given.

**34 EXTENSION TO PROPOSED DIVERSION OF PUBLIC FOOTPATH NO. 35 (PARTS) IN THE PARISH OF NANTWICH (FORMERLY PUBLIC FOOTPATH NO. 4 IN THE PARISH OF HENHULL)**

The Committee considered a report which outlined an extension to the current diversion of Public Footpath No. 35 in the Parish of Nantwich.

The Committee agreed that a Public Path Diversion Order be made under Section 119 of the Highways Act 1980, as amended by the Wildlife and

Countryside Act 1981, to divert parts of Public Footpath No.35 in the Parish of Nantwich by creating new sections of public footpath and extinguishing the current path as illustrated on Plan No. HA/154 within the report, on the grounds that it was expedient in the interests of the landowner.

**RESOLVED: Unanimously**

That the Highways and Transport Committee

1. Agree that a Public Path Diversion Order be made under Section 119 of the Highways Act 1980, as amended by the Wildlife and Countryside Act 1981 to divert parts of Public Footpath No.35 in the Parish of Nantwich by creating new sections of public footpath and extinguishing the current path as illustrated on Plan No. HA/154 within the report, on the grounds that it is expedient in the interests of the landowner.
2. Agree that public notice of the making of the Order be given and in the event of there being no objections within the period specified, the Order be confirmed in the exercise of the powers conferred on the Council by the said Act.
3. Note that in the event of objections being received, Cheshire East Borough Council be responsible for the conduct of any hearing or Public Inquiry.

**35 WORK PROGRAMME**

The Committee considered the work programme.

The following changes were noted:

- There would be a report added to the November meeting which would present the current position on rail impacts for Cheshire East; HS2 and Northern Powerhouse Rail (NPR).

The Chair informed members that the work programme now identified which items would be for scrutiny and which items would be for decision.

For the next meeting, the chair asked members to think about further areas of scrutiny that the committee could be involved in, such as policy development. A small group of Members would be involved in the development of any policies at an early stage through a task and finish group, with their recommendations being brought back to the committee for approval.

**RESOLVED:**

That the work programme be noted.

**36 REPORTING OF URGENT DECISIONS**

**RESOLVED**

That the Committee noted that an urgent decision was taken under Procedure Rules 2.10 and 2.11 by the Chief Executive who approved and agreed to the submission of the revised Final Full Business Case for the Middlewich Eastern Bypass.

The meeting commenced at 10.00 am and concluded at 12.33 pm

Councillor M Goldsmith (Chair)

OPEN

## Highways and Transport Committee

Thursday, 21 November 2024

### Second Financial Review of 2024/25 (Highways and Transport Committee)

---

**Report of: Adele Taylor, Interim Executive Director of Resources,  
Section 151 Officer**

**Report Reference No: HTC/20/24-25**

**Ward(s) Affected: Not applicable**

**For Decision or Scrutiny: Both**

#### **Purpose of Report**

- 1 This report provides the current forecast outturn for the financial year 2024/25 based on our income, expenditure and known commitments as at the end of August 2024. It also identifies actions that are being taken to address adverse variances to urgently address our financial sustainability.
- 2 The report provides the forecast outturn for all services, to provide Members with contextual information on the position for the whole Council. Members are asked to focus their scrutiny on the forecasts and supporting information relating to services within the remit of the Committee whilst understanding the overall context as a whole.
- 3 The report highlights any changes and external pressures that are impacting the Council since setting the budget in February 2024. Annex 1, Section 2 of the report highlights what the Council is forecasting to achieve as part of the 2024/25 approved budget changes per line (growth and savings).
- 4 As set out in the First Financial Review, the requirement to continue to identify further actions in order to bring the Council back to a position where we are living within our means remains, and it will be important that these actions are closely monitored, and appropriate action taken to manage our

resources. This report includes information on the actions that are currently underway.

- 5 Reporting the financial forecast outturn at this stage, and in this format, supports the Council's vision to be an open Council as set out in the Cheshire East Council Plan 2024/25. In particular, the priorities for an open and enabling organisation, ensure that there is transparency in all aspects of council decision making.
- 6 The report also requests member approval for amendments to the Council's budget in line with authorisation levels within the Constitution.

## Executive Summary

- 7 The Council operates a financial cycle of planning, review, management and reporting. This report ensures that we review where we are and provides a forecast **outturn** position for the 2024/25 financial year whilst also identifying the actions that need to be taken to manage our overall resources. The information in this report also supports planning for next year's budget by identifying issues that may have medium term impacts.
- 8 The Council set its 2024/25 annual budget in February 2024. The budget was balanced, as required by statute, with planned use of reserves of £22m, plus £30m of savings to achieve in year, and included important assumptions about spending in the year. The budget is part of the Medium-Term Financial Strategy (MTFS) 2024 to 2028.
- 9 The Second Financial Review (FR2) forecast revenue outturn is an **adverse variance of £20.1m** (prior to the application of any Exceptional Financial Support), an improvement of £6.5m from FR1, as detailed below in **Table 1**:

Table 1 2024/25 FR2	Revised Budget	Forecast Outturn	Forecast Variance	Forecast Movement	
	(NET)			Variance FR1	from FR1 to FR2
	£m	£m	£m	£m	£m
<b>Service Committee</b>					
Adults and Health	138.0	158.7	20.8	20.7	0.0
Children and Families	93.0	98.4	5.4	7.3	(1.9)
Corporate Policy	41.8	44.2	2.4	0.0	2.4
Economy and Growth	28.1	24.8	(3.3)	(2.6)	(0.7)
Environment and Communities	48.4	48.3	(0.1)	0.6	(0.7)
Highways and Transport	16.0	15.4	(0.6)	(0.5)	(0.1)
<b>Sub-Committee</b>					-
<b>Finance Sub:</b>					-
Central Budgets	30.0	25.6	(4.5)	0.9	(5.4)
Funding	(395.4)	(395.4)	0.0	-	0.0
<b>TOTAL</b>	<b>(0.0)</b>	<b>20.1</b>	<b>20.1</b>	<b>26.5</b>	<b>(6.5)</b>

- 10 Whilst an improvement on the First Financial Review of £6.5m (see mitigations in para 29), the forecast overspend of £20.1m remains a significant financial challenge for the Council. The FR2 forecast reserves, after agreed movements budgeted for in the 2024-28 MTFs, are currently £10.0m, being £0.5m of General Fund Reserves (including the forecast use of £4m for transformation costs) and £9.5m of Earmarked Reserves, as shown below. The Council's level of reserves is therefore insufficient to cover the current forecast revenue outturn for the year without further action.

<b>Reserves &amp; Exceptional Financial Support</b>	
	£m
<b>Reserves</b>	
General Fund	4.5
Earmarked Reserves	9.5
Original Forecast at 31st March 2025	14.0
Forecast Transformation spend	(4.0)
<b>Forecast Total Reserves at 31st March 2025</b>	<b>10.0</b>
<b>Exceptional Financial Support</b>	
	<b>17.6</b>

- 11 This forecast does not assume the use of the Exceptional Finance Support (EFS) that was requested in 2023/24 and 2024/25 that was agreed in principle, subject to a number of conditions being satisfied, including the submission of a transformation plan at the end of August 2024. It also does not assume the cost of accepting that EFS support which would impact on the cost of borrowing over the medium term. A further condition of the EFS was that an independent review was undertaken by CIPFA on behalf of MHCLG to understand the Council's financial management and sustainability. The review was commissioned by and for MHCLG and the Council has not yet had sight of this review to understand any implications or improvements that could be made to existing processes. This was submitted to MHCLG in August 2024.
- 12 The FR2 forecast position indicates that further urgent action to reduce the overspend, and bring spending back in line with budget, is required. Failure to do so would require the Council to use the existing conditional Exceptional Financial Support (£17.6m) which would be the only way for the S151 Officer to avoid having to issue a S114 notice to the Council.
- 13 The level of EFS support would need to be agreed and finalised with the government and the financial impact of this would need to be built into the overall financial modelling for the Council. As reported to members in June 2024 in the 'Medium Term Financial Strategy Assumptions and Reporting Cycle for 2024/25 to 2028/29' the Council faces a significant four-year funding gap, with the shortfall in 2025/26 identified in February 2024 MTFs estimated at £41.9m. There remains a risk that pressures leading to the latest FR2 forecast position may increase that shortfall figure if further rapid action does not take place to stabilise our financial position.

- 14 The FR2 forecast position for capital spending for 2024/25 indicates forecast capital expenditure of £157.7m against the MTFS budget of £215.8m (FR1 £164.5m). The re-profiling of Capital expenditure to future years to match scheme delivery and ongoing capital review to ensure that our capital borrowing remains affordable is continuing.

- 15 **Table 2** sets out the capital programme profiling changes:

<b>Table 2</b>	2024/25	2025/26	2026/27	2027/28	2024/28
	Estimate	Estimate	Estimate	Estimate	Total
	£000s	£000s	£000s	£000s	£000s
Capital Programme FR1	164,545	141,232	109,679	231,837	647,293
Funded by:					
Borrowing	51,878	53,566	10,180	27,779	143,403
Grants and other contributions	112,667	87,666	99,499	204,058	503,890
	<u>164,545</u>	<u>141,232</u>	<u>109,679</u>	<u>231,837</u>	<u>647,293</u>
Capital Programme FR2	157,661	151,770	115,852	225,173	650,456
Funded by:					
Borrowing	45,101	57,996	14,802	25,044	142,943
Grants and other contributions	112,560	93,774	101,050	200,129	507,513
	<u>157,661</u>	<u>151,770</u>	<u>115,852</u>	<u>225,173</u>	<u>650,456</u>
Movement from FR1	(6,884)	10,538	6,173	(6,664)	3,163

- 16 **Table 3** sets out the summary revised capital programme:

<b>Table 3</b>	FR1	SCEs	Virements	Budget	Revised
	Budget	in Quarter	in Quarter	Reductions	FR2
	2024/28	2024/25	2024/25	2024/25	Budget
	£m	£m	£m	£m	2024/28
					£m
Adults and Health	0.8				0.8
Children and Families	108.9				108.9
Highways & Transport	287.0	2.7		(0.2)	289.5
Economy & Growth	184.7	0.9			185.6
Environment & Communities	42.0				42.0
Corporate Policy	23.8			(0.2)	23.6
	<b>647.2</b>	<b>3.6</b>	<b>-</b>	<b>(0.4)</b>	<b>650.4</b>

- 17 **Table 4** sets out the movement from FR1 by committee:

Table 4	Forecast	Forecast	Forecast	Forecast	2024/28
	2024/25	2025/26	2026/27	2027/28	Total
	£000	£000	£000	£000	£000
Adults and Health	-	-	-	-	-
Children and Families	(3,576)	3,571	(1)	-	(6)
Highways & Transport	2,082	3,566	1,001	(4,123)	2,526
Economy & Growth	(2,018)	2,630	2,798	(2,563)	847
Environment & Communities	(3,624)	1,142	2,478	22	18
Corporate Policy	252	(371)	(103)	-	(222)
	<b>(6,884)</b>	<b>10,538</b>	<b>6,173</b>	<b>(6,664)</b>	<b>3,163</b>
Funded by:					
Government Grants	(139)	5,239	3,461	(7,735)	825
External Contributions	(4)	1,086	(969)	2,629	2,742
Revenue Contributions	55	-	-	-	55
Capital Receipts	(19)	(217)	(941)	1,177	(1)
Prudential Borrowing	(6,777)	4,430	4,622	(2,735)	(460)
	<b>(6,884)</b>	<b>10,538</b>	<b>6,173</b>	<b>(6,664)</b>	<b>3,163</b>

18 Significant items of slippage/reprofiling from 2024/25 to 2025/26 include:

- £2.3m for Childrens Social Care (Crewe Youth Zone and Childrens Homes Sufficiency),
- £0.8m in Education (Springfield and Wilmslow),
- £2.4m for Economy and Growth (Corporate Landlord and Crewe Town Regeneration),
- £3m for Environment & Neighbourhood (Weekly Food collections and Fleet EV).

19 Highways and Infrastructure have increased capital spend in 2024/25 partly due to bringing forward £1.7m for Network North, together with an SCE of £600,000 for Bridge Maintenance.

20 As part of the urgent actions required to reduce the Council overspend a full review of the capital programme is being undertaken with a view to removing as much future borrowing as possible. The forecast borrowing included in the capital programme at FR2 will have the following revenue impact:

#### Revenue Impact

Table 5	2024/25	2025/26	2026/27	2027/28	2024-28
	Estimate	Estimate	Estimate	Estimate	Total
	£000s	£000s	£000s	£000s	£000s
Forecast borrowing to fund capital programme	45,101	57,996	14,802	25,044	142,943
MRP	-	3,857	5,036	6,498	15,391
Interest	2,264	3,712	3,537	4,288	13,801
<b>Total annual revenue impact</b>	<b>2,264</b>	<b>7,569</b>	<b>8,573</b>	<b>10,786</b>	<b>29,192</b>
<b>Movement from FR1</b>					
<b>Increase / (reduction)</b>	<b>(346)</b>	<b>(143)</b>	<b>(288)</b>	<b>(370)</b>	<b>(1,147)</b>

OFFICIAL

- 21 In order to alleviate the revenue pressure from external borrowing further immediate reductions in capital spend are required. This will reduce the related revenue impact of interest costs and Minimum Revenue Provision (MRP) both of which are charged to revenue through the Capital Financing Budget (CFB). The council must aim to optimise use of all other available sources to fund our capital programme and must minimise the use of borrowing to reduce the pressures on the revenue budget. We have also commissioned an external review of our balance sheet with our Treasury Management advisors to review our borrowing strategy.
- 22 The current forecast for achievable capital receipts in year is £2.5m, with a further £0.6m to £1.5m also achievable in year (to be updated at FR3). These receipts can be used to reduce revenue pressures from borrowing in year or could be used to assist with funding of transformation activity.
- 23 Due to the long-term nature of capital investment the revenue implications of decisions taken by the council now will extend well beyond the term of the current year and into the medium term.
- 24 In the review of the capital programme the long-term capital repayment commitments (MRP) are the initial area of focus. Reducing the annual MRP associated with any new borrowing on a scheme-by-scheme basis is a priority. There will be a secondary impact of reducing forecast interest which will also reduce the effect on the revenue account, but it is the reduction in new borrowing and new commitment to long term capital repayments that will allow the programme to remain affordable and sustainable.
- 25 Reductions in borrowing can be achieved through:
- (a) Reduce, delay or remove schemes funded by borrowing;
  - (b) Focus on existing contractual commitments, fulfilling statutory services and public safety requirements;
  - (c) Prioritise the capital projects that will have most beneficial impact on the revenue budget in the medium term;
  - (d) Remove forward funding;
  - (e) Reprioritise use of grants and apply appropriate S106 contributions to schemes.
- 26 The Strategic Finance Management Board leads on a number of key tasks to urgently reduce spend and identify additional savings, including:
- Line-by-line reviews of all budgets to further identify immediately any underspends and/or additional funding;
  - Stop any non-essential spend;

- Actively manage vacancies, particularly agency usage and reduce any overspends on staffing as soon as possible;
- Review of Section 106 legacy budgets, the effects of which are partly reflected in the FR2 forecast outturn as a one-off contribution to reserves (to be further updated at FR3);
- Review of capital receipts available and potential surplus assets that can be sold (for best consideration);
- Identification of any other areas of discretionary spend including grants awarded, where spend can be reduced or stopped;
- Review Debt management/overall level of bad debt provision – work undertaken to date, focussing on the Adult Social Care bad debt provision, has identified through adopting a new approach to reviewing and monitoring these debts, an improvement (reduction) of the Council’s bad debt provision of £0.8m, further work is ongoing and will be updated at FR3.

### **Overall mitigations planned to manage pressures**

- 27 The Strategic Finance Management Board is leading on a number of key tasks to urgently reduce spend and identify additional savings as noted above.
- 28 In addition, any directorate that is identified as being off target by more than 5% is now subject to a detailed finance and performance review on a weekly basis through a financial recovery review process. This includes a detailed action plan, identifying what can be done to sustainably reduce the pressure and gaining assurance over the management of those actions to deliver improved financial outturns. This process has been put in place for Adults Services and Children and Families and is being chaired by the S151 Officer.
- 29 As reported in paragraphs 35-57 below, work is underway across all Services to look at mitigating actions which can be taken to reduce the forecast position in-year, some of the actions below having contributed to the £6.5m improvement from FR1 position, including:
- Adults - more certainty about the FR2 projections and the delivery of in-year mitigations, including a reduction in the forecast number of placements in-year.
  - Children & Families – reviewing costs of placements, establishment reviews, Reunification of children, and Work on Edge of Care Service proposals to identify early intervention and cost reduction.
  - Place Services – mitigations in year through further vacancy management, reducing expenditure and maximising funding opportunities.

- Corporate – Vacancy management and some additional income.
- Finance Sub – S106 and bad debt reviews generating one-off in year contributions to assist in reducing the in year overspend and review/reset process moving forward.

30 Paragraphs 57-59 below provides a summary overview of the forecast against the approved 2024/25 budget change items, including RAG rating. In addition, there is further detail per change item with accompanying commentary, as reviewed by the Council's Corporate Leadership Team, in respect of each item within **Annex 1, Section 2**.

31 **Annex 1: Detailed Second Financial Review 2024/25**

- **Section 1** 2024/25 Forecast Outturn
- **Section 2** 2024/25 Approved Budget Change Items
- **Section 3** Revenue Grants for approval
- **Section 4** Capital
- **Section 5** Reserves
- **Section 6** Treasury Management

RECOMMENDATIONS

The Highways and Transport Committee to:

1. Review the factors leading to a forecast adverse Net Revenue financial pressure of £20.1m against a revised budget of £395.4m (5.1%). To scrutinise the contents of **Annex 1, Section 2** and review progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and to understand the actions to be taken to address any adverse variances from the approved budget.
2. Review the in-year forecast capital spending of £157.7m against an approved MTFS budget of £215.8m, due to slippage that has been re-profiled into future years.
3. Note the available reserves position as per **Annex 1, Section 5**.
4. Approve the Supplementary Capital Estimate above £500,000 up to and including £1,000,000 as per **Annex 1, Section 4, Table 4**.

**Background**

32 This single view of the financial picture of the Council provides the overall financial context.

- 33 The management structure of the Council is organised into four directorates: Adults, Health and Integration; Children's Services; Place; and Corporate Services. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan. Budget holders are responsible for ensuring they manage their resources in line with the objectives of the Council and within the approved budget.
- 34 For the purposes of each committee, these directorate budgets are aligned to a specific committee and the appendices to this report provides information at a level that the committee should have the ability to be able to scrutinise what is causing any variations in budget and appropriate actions to bring the council back into line in terms of managing its resources.

### **Key issues causing the pressures**

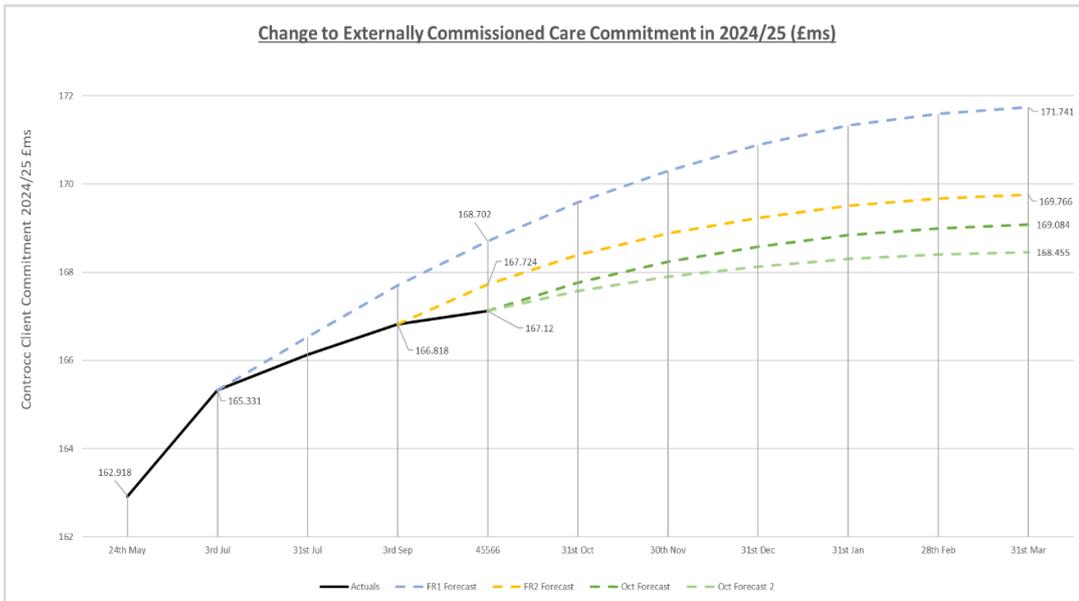
- 35 There are a number of key issues causing the forecast revenue overspend, including:
- Ongoing adverse effects of the extended period of high inflation and interest rates;
  - Continued increasing demand and complexity of care beyond the levels that had been previously identified;
  - Increase in staff costs, including use of agency staff and impact of National Living Wage which also impacts on our third party commissioned contracts;
  - Increased borrowing costs associated with the unfunded Dedicated Schools Grant (DSG) deficit;
  - Non delivery of some previously agreed savings and/or income targets;
  - The financial impact of investment in transformation and improvement activity over the medium term.

### **Specific commentary on the forecast outturn position by Committee**

#### **Adults and Health adverse variance of £20.7m**

- 36 The Adults, Health and Integration budget is forecast to overspend by £20.7m. The £20.7m is primarily driven by an overspend of £22.5m linked to care costs and pressures on staffing of £3.1m. These pressures are reduced by a favourable variance in client income of £3.8m, and other mitigations totalling £1.1m. The key drivers of forecast expenditure remain price increases, staff costs and increase in complexity.
- 37 Although the forecast has not changed since FR1 there is more certainty about the projections and the delivery of in-year mitigations, including a

reduction in the forecast number of placements in-year as shown in the graph below.

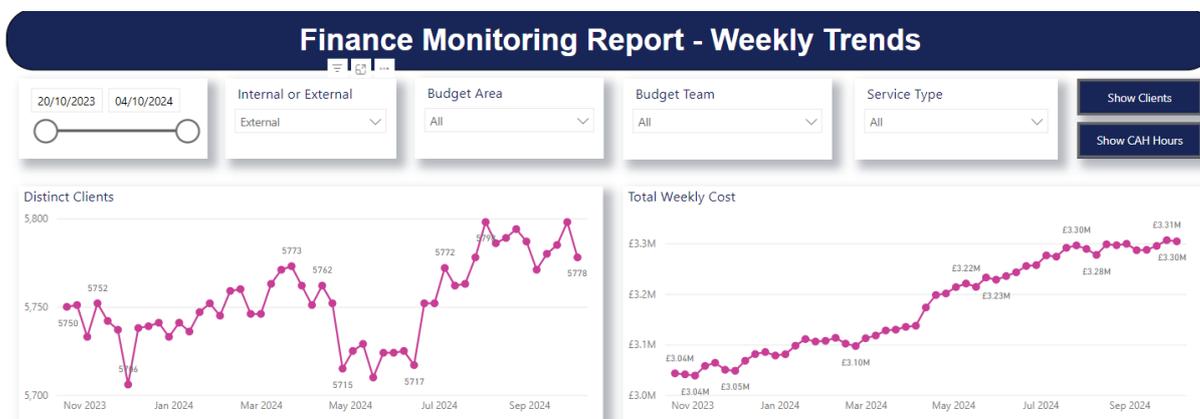


- 38 As noted previously the key driver of expenditure in adult social care is the number of people in receipt of care and the cost of each individual's care. The forecast has stabilised because we believe we will make fewer new placements in the second half of the year than we made in the first half of the year.
- 39 There is close alignment between the work being undertaken to manage budget pressures and the transformation plan. There will be some impact in-year including in respect of pricing, the focus on the review of supported living services, and services to support people at home. However, there are also risks including the reduction in the number of agency staff which has led to an increase in waiting times for services and disputes with providers in respect of price increases.

**Residential and Nursing placements for 65+**



## All Service Users in Adults services



### Children and Families adverse variance of £5.4m

- 40 At the end of the last financial year the outturn for Children and Families was an overspend of £8.2m. The Medium-Term Financial Strategy included growth to address the pressures that were emerging throughout 2023/24. The costs of children's social care are a concern for many local authorities and not unique to Cheshire East. The Second Financial Review for 2024/25 reflects a £5.4m in-year pressure.

The key pressure areas for the directorate include:

- 41 Children's social care placements (£2.6m adverse variance) where the complexity of children in care has continued to increase and the number of children in care has increased from 528 at April 2024 to 555 at October 2024 (compared to a decrease from 586 at April 2023 to 573 at June 2023). Placement costs are increasing by significantly more than inflation and more than was projected for growth in-year.
- 42 The use and cost of agency staff in children's social care to cover vacancies, sick absence, and maternity leave.
- 43 The number of staff is greater than the planned establishment to ensure we are able to meet our statutory needs. Work is underway to ensure the staffing structure is suitably funded and factored into the MTFs for 2025/26.
- 44 Home to school transport costs (£0.3m adverse variance) – where a mix of increasing numbers of pupils with an education, health and care plan (EHCP), and increasing fuel costs have seen overall costs rise.

- 45 Schools Catering (£0.5m adverse variance) – where the costs of the service are above the current charged income level and base budget.
- 46 Work is underway in the services to look at mitigating actions which can be taken to reduce this forecast position in-year, and these pressures will be considered as part of the developing MTFS for 2025/26. These include:
- Reviewing costs of placements as more detailed reviews are underway focusing on the expected length that some placements may need to be in place for;
  - Staffing establishment reviews now scheduled on a 6 weekly basis including a review of agency staff and alternative working;
  - Reunification children to be identified with targeted work in place for individual cases;
  - Tracking of similar spend across teams to be held in the same place as residential and supported accommodation spend to increase overall grip and understanding;
  - Work on Edge of Care Service proposals to identify early intervention that may reduce admissions and costs.

### **Dedicated School Grant (DSG)**

- 47 The key pressure on DSG relates to the high needs block where the SEND service continues to see a significant increase in the number of pupils with an EHCPs, and the associated school placement costs.
- 48 This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £31.7m deficit in 2023/24. This adds on to the brought forward deficit of £46.9m to take the DSG Reserve to a £78.6m deficit position at the end of 2023/24.
- 49 This is an improvement on the budget gap as determined by the Council's DSG Management Plan that was reported to Children and Families Committee in April 2024 and set out the planned expenditure and income on high needs over the medium term.
- 50 The current forecast is showing an in-year deficit of £41.5m which would increase the overall deficit to £120.1m.

### **Corporate Policy adverse variance of £2.4m**

- 51 The Corporate Services Directorate has a net budget of £41.7m. At Second Finance Review (FR2), the budget is forecast to overspend by £2.4m compared to a £23,000 overspend at First Finance Review (FR1). The main reason for this change is that the forecast cost of the Transformation Programme (£2.8m) has now been included within Corporate Services. Without this, the forecast would be a £0.5m underspend. It also must be noted that, following a recent review of staffing establishments, there are

pending staffing budgets realignments to be actioned which will change individual service forecasts but not the overall figure for Corporate Services. There is a compensating underspend in central budgets reflecting the way in which this transformation work is being funded.

- Vacancy management in Corporate Services has resulted in the majority of services forecast an underspend on staffing budgets totalling £2.1m (£2m at FR1);
- Vacancy management has been combined with tighter control on non-pay spending across all services which is achieving a forecast underspend of £0.7m; and
- additional income of £0.3m is forecast in the Registrations Service.
- However, these underspends have been offset by the following:
  - forecast spend of £2.8m on the Transformation Programme. The cost of the programme will be met from reserves or use of flexible capital receipts, the financial impact of these are shown elsewhere in the accounts;
  - a forecast £1.3m under-recovery of Rent Allowances;
  - a forecast overspend of £0.4m on the Transactional Service Centre (TSC), hosted by Cheshire West and Chester, mainly due to the additional costs of the stabilisation programme which has been put in place to improve the performance of the service and recognises the need to change the way in which Unit4 is used. This was an issue highlighted in the Corporate Peer Review that needs significant attention;
  - a £0.5m shortfall in charging staff time to capital projects within ICT Strategy. This partially offsets savings from vacancy management within ICT Strategy included in the vacancy management figure above, and a forecast balanced position in ICT Shared Service - this is an improvement over the £0.1m overspend due to lower than budgeted project income and schools recharge income reported at FR1;
  - There is a forecast overspend of £0.3m (£0.4m at FR1) in Accountancy mainly due to additional costs including Bank Charges and External Audit fees; and
  - a staff budget pressure of £0.1m across Corporate Services relating to the estimated impact of the latest pay award offer versus the amount included in the MTFS.

### **Place Directorate favourable variance of £4.0m**

- 52 Overall, the Place Directorate is forecasting an underspend of £4m at the second Financial Review stage against a £92.5m budget. Pressures from reducing planning application income (£0.5m), increased waste collection and disposal costs (£0.7m) and yet to be secured savings against leisure

(£0.2m) have been mitigated through further vacancy management, reducing expenditure and maximising funding opportunities.

### **Economy & Growth favourable variance of £3.3m**

- 53 Growth and Enterprise Directorate and Place Directorate are forecasting an underspend of £3.3m against a net budget of £28.1m which is a £0.7m improvement on the FR1 position. The key reasons for the underspend are:
- **Facilities Management:** there is a £1.9m underspend forecast. This includes pressures against maintenance budgets of £0.5m (additional pressures and delivery of savings), costs of workplace initiatives and equipment of £0.5m, the transfer of underspends to offset Place MTFs targets across the Directorate £0.6m and these have been offset by:
    - Savings against gas and electricity compared to much higher budgeted costs £3.1m.
    - Business rates underspend of £0.1m due to revaluations and appeals.
    - Underspends from vacancy management £0.3m.
  - **Economic Development:** £0.3m underspend from vacancy management, reduced supplies £0.1m and increased income £0.1m.
  - **Housing:** £0.5m underspend from vacancies and extra grant funding.
  - **Green infrastructure and Cultural Economy** £0.4m due to vacancies.

### **Environment & Communities favourable variance of £0.1m**

- 54 Environment and Neighbourhood Services is forecasting an underspend of £0.1m against a net budget of £48.4m. This is a £0.7m improvement from FR1. The key reasons for the forecasting underspend are:
- **Development Management:** £0.4m overspend reflecting pressures from a shortfall in income from planning applications £0.5m and pressures on supplies and services of £0.1m. These are offset by vacancy management £0.1m and funding the one-off costs of the new planning system £0.1m from reserves.
  - **Environmental – Commissioning:** ANSA reporting a £0.1m overspend overall including pressures from the ANSA contract of net £0.2m and Cheshire East pressures from recycling costs of £0.4m. These are being offset by the use of the ASDV reserve of £0.5m.
  - **Libraries:** £0.1m overspend including pressures of £0.5m from the delivery of the MTFs savings which is offset by £0.3m vacancy management and £0.1m underspend from MTFs growth for exploring a charitable trust model. This is an improvement of £0.1m since the FR1 position due to additional vacancies.

- Leisure Commissioning: £0.2m overspend (delivery of MTFs savings) unchanged from FR1.
- Other service issues: £0.9m underspend, which is an improvement of £0.1m on the FR1 position:
  - Building Control: £0.2m underspend (£0.2m building control offset by £0.4m vacancies).
  - Local Land Charges and Planning Support: £0.2m underspend from vacancies.
  - Strategic Planning: £0.3m (£0.1m vacancy management plus £0.2m delayed Local Plan costs).
  - Regulatory Services: £0.2m (£0.3m vacancies offset by £0.1m CCTV costs).

### **Highways & Transport favourable variance of £0.6m**

55 Highways & Infrastructure are forecasting an underspend of £0.6m against a net budget of £16m. The key reasons for the underspend are:

- Car Parking: £0.4m underspend through vacancies of £0.1m and increased income of £0.3m.
- Strategic Transport: £0.1m underspend from vacancies.
- Rail and Transport Integration: £0.1m underspend from vacancies.

### **Finance Sub favourable variance of £4.5m**

56 Finance Sub Committee are reporting a positive variance of £4.5m against a revised net budget of £30.0m.

- Financing and Investment £0.3m net pressure reflecting £1.4m increased cost of interest payments on borrowing offset by £1.1m increased interest receipts from investments.
- Reserves use of £3.5m (net change from MTFs) reflects £0.5m additional Flexible Capital Receipts offset by £1m reduction in available Capital Financing Reserve at outturn compared to forecast balance reflected in the February 2024 MTFs. There is also an additional £4m use of the General Fund reserve forecast to fund transformation activities.
- There is a further £1.2m positive variance as a result of in year reviews of S106 balances/schemes and bad debt. The S106 Review identifying a one off contribution in year where work has been completed in prior years but has not been reflected in transferring money from S106 into the general fund, £0.5m initially reflected at FR2 with potential for further increased contributions at FR3; £0.8m reduction in the Adult Social Care bad debt provision, as referred to in para 74 below.

## Progress on delivery of the 2024/25 approved budget change items

57 Table 5 presents a summary of the progress on the delivery of the 2024/25 approved budget change items. For items rated as Amber these are for items where there are risks and/or mitigating actions in place. For items rated as red these are for items where services are projecting an adverse variance and there is risk of in year non delivery/achievement. New mitigation items have also been included that have come forward since the approval of the MTFS to help the in-year position where identified.

58 As the green and blue columns show, £21.5m of the budget change items are either delivered or on track to be delivered or even exceed in some cases. However, there is also a pressure of £59.3m as shown in the red column that has a high risk of not being achieved within this financial year. There are new in year mitigations of £16.8m, unrelated to the change item rows that has been identified to assist the outturn position. The table below summarises the progress by Committee:

**Table 5: Summary of the progress on the delivery of the 2024/25 approved budget change items**

Committee	Approved Change Budget £'000	Forecast Outturn £'000	Completed £'000	Could Exceed £'000	Green £'000	Amber £'000	Red £'000	Mitigations £'000
Adults & Health	1,136	21,900	-2,723	0	-9,482	0	37,468	-3,363
Children & Families	9,909	15,311	922	0	-856	273	15,751	-779
Corporate Policy	489	2,866	-173	0	2,013	0	1,581	-555
Economy & Growth	3,316	41	-61	0	3,861	38	690	-4,487
Environment & Communities	-52	-178	-2,220	-1,480	3,273	-1,523	3,510	-1,738
Finance Sub	-19,667	-24,082	600	0	-19,348	0	0	-5,334
Highways & Transport	4,869	4,267	2,488	0	1,700	305	328	-554
<b>TOTAL</b>	<b>-</b>	<b>20,124</b>	<b>-1,167</b>	<b>-1,480</b>	<b>-18,839</b>	<b>-907</b>	<b>59,328</b>	<b>-16,811</b>

59 A complete list of all approved budget change items, with progress noted against each item, can be found in **Annex 1, Section 2**.

## Revenue Grants for Approval

60 Approvals for Supplementary Revenue Estimates for allocation of additional grant funding are detailed in **Annex 1, Section 3**.

## Reserves Position

- 61 On 1 April 2024, Earmarked Reserves totalled £32.278m and the General Fund Reserve Balance totalled £5.580m. Of the total earmarked reserves, more than £22m (70.5%) will be spent in 2024/25, on supporting the revenue budget for 2024/25.
- 62 Table 6 and 7 shows the forecast level of Earmarked and General reserves by the end of 2024/25.

**Table 6: Earmarked Reserves**

Earmarked Reserves by Committee	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000
Adults and Health	5,226	(2,795)	(110)	0	2,321
Children and Families	1,724	0	(1,593)	(131)	0
Corporate Policy	20,773	(6,551)	(2,830)	(4,545)	6,847
Economy and Growth	2,777	(662)	(1,004)	(765)	346
Environment and Communities	870	(390)	(402)	(78)	0
Highways and Transport	908	(205)	(415)	(288)	0
<b>EARMARKED RESERVES TOTAL</b>	<b>32,278</b>	<b>(10,603)</b>	<b>(6,354)</b>	<b>(5,807)</b>	<b>9,514</b>

\* All 'Additional Drawdown Requests' are subject to approval.

\* Total excludes schools' balances

**Table 7: General Fund Reserve**

General Fund Reserve	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast	Additional Forecast Movement £000	Closing Balance Forecast 31 March 2025 £000
General Fund Reserve	5,580	(1,051)	0	(4,043)	486
<b>GENERAL FUND RESERVE TOTAL</b>	<b>5,580</b>	<b>(1,051)</b>	<b>0</b>	<b>(4,043)</b>	<b>486</b>

- 63 At FR1 stage the closing balance at 31 March 2025 in the Council's General Fund Reserve was forecast to be £4.5m. However, at the FR2 stage, a further £4m transformational spend has been included within the service forecasts which will be funded from General reserves, reducing the forecast balance to £0.5m. If it is possible to identify additional capital receipts these could potentially be used to capitalise this expenditure and this will remain an area that is under review.
- 64 The Council is currently forecast to have £9.534m of earmarked reserves at the end of the financial year 2024/25. Of this £2.279m can be considered ringfenced, with specific conditions limiting their use.

65 A full list of all earmarked reserves can be found in **Annex 1, Section 5**.

### **Dedicated Schools Grant Reserve**

66 The Dedicated Schools Grant (DSG) is ring-fenced funding received for: schools; high needs / special educational needs; and early years provision. In recent years there has been a pressure on the DSG high needs block where funding has not kept pace with the increasing numbers and cost of children with an Education, Health and Care Plan. This has created a deficit DSG reserve balance which is held in an unusable reserve.

67 The on-going pressure is regularly reviewed; at the end of 2023/24 the deficit was £78.6m and this is forecast to increase by £41.5m by the end of 2024/25. This is an improvement on the Council's DSG Management Plan approved in April 2024, which sets out the planned expenditure and income on high needs over the medium term. The DSG Management Plan is currently being updated and will be reported to Committee on completion.

**Table 8: Dedicated Schools Grant**

<b>Dedicated Schools Grant Deficit</b>	<b>£m</b>
Deficit Balance Brought forward	<b>78.6</b>
Additional In-year Pressures	<b>41.5</b>
<b>Deficit Balance at 31 March 2025</b>	<b>120.1</b>

### **Debt**

68 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 at 30<sup>th</sup> September 2024 has increased by £0.516m since FR1 (end of July 2024).

69 Annually, the Council raises invoices with a total value of over £80m. 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.

70 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 services (currently provided by Bristow & Sutor).

71 After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of September 2024 was £17.8m.

72 The total amount of service debt over six months old is £10.5m; split as £9m of Adult Social Care debt and £1.5m of Sundry Debt. A provision of £6.8m was made at year ended 31st March 2024 to cover doubtful debt in the event that it needs to be written off. There is an ongoing in year review of

the Bad Debt provision which has to date focussed on Adult Social Care debt, has identified a forecast £0.8m reduction in the provision in 2024/25, reflected in the FR2 position.

- 73 The level of Adult Social Care debt can fluctuate depending on when in the month the snapshot is taken, for example if it is before or after the Direct Debit income is received and allocated. The debt also has different levels of risk depending on the type of debt. For example, around £3.5m is linked to deferred arrangements which is debt that is secured on property or assets, and therefore carries a low risk. There is also around £5m of debt which is deemed to be lower risk as its linked to areas such as probate, property sales or deputyship. As noted above, the current review of Debt provision for Adult Social Care has identified an £0.8m reduction in the ASC debt provision having reviewed the provision process across the 3 main categories of ASC all of which have distinct provision calculations. Further work is ongoing and will extend to wider Council debt throughout the review.
- 74 The Highways position for outstanding debt is consistent throughout the year. The debt is generally made up of three elements: the movement of funds from Cheshire West and Chester Council and Warrington Borough Council in relation to the Cheshire Road Safety Group (these are settled quickly); third party claims for damage to the highway; and permit fees. The third party claims are often paid in instalments.

The previous outturn positions are:

- 31 March 2024 Outstanding debt £1.6m, over 6 months old £0.7m.
- 31 March 2023 Outstanding debt £1m, over 6 months old £0.5m

- 74 The Council has robust processes in place to ensure that all outstanding debt is chased up (where commercially viable) and, where necessary, payment plans are put in place with advice from Legal Services.

**Table 9 – Debt Summary as at 30<sup>th</sup> September 2024**

	Outstanding Debt £000			Over 6 months old £000		
	FR1	FR2	Increase / (Decrease)	FR1	FR2	Increase / (Decrease)
<b>Adults and Health Committee</b>						
Adults, Public Health and Communities	14,534	14,967	433	9,091	9,060	(31)
<b>Children and Families Committee</b>						
Children's Social Care (Incl. Directorate)	182	189	8	14	-	(14)
Prevention and Early Help	72	69	(3)	(7)	(7)	-
Schools	22	17	(5)	2	2	0
<b>Highways and Transport Committee</b>						
Highways and Infrastructure	1,189	1,115	(75)	751	760	9
<b>Economy and Growth Committee</b>						
Growth and Enterprise	704	740	37	393	394	0
<b>Environment and Communities Committee</b>						
Environment and Neighbourhood Services	355	398	43	209	215	7
<b>Corporate Policy Committee</b>						
Finance and Customer Services	109	135	25	73	69	(3)
Governance and Compliance	37	(1)	(37)	-	-	-
Human Resources	8	-	(8)	1	-	(1)
ICT	119	217	98	1	2	2
<b>Total</b>	<b>17,331</b>	<b>17,846</b>	<b>516</b>	<b>10,527</b>	<b>10,496</b>	<b>(31)</b>

## Council Tax and Business Rates

### Council Tax

75 **Table 10** details each precepting authorities share of the budgeted collectable rates income.

Table 10 Share of Council Tax Collectable Rates	Band D Charge	Collectable Rates £m
<b>Cheshire East Council</b>	<b>1,792.59</b>	<b>287.1</b>
Town and Parish Councils	71.57	11.5
Cheshire Police and Crime Commissioner	262.94	42.1
Cheshire Fire Authority	90.09	14.4
<b>Total</b>	<b>2,217.19</b>	<b>355.1</b>

76 The collectable rates valuation is based on the assumption that of the total amount billed, at least 99% will be collected. **Table 11** demonstrates that, excluding a slight reduction during the Covid-19 pandemic, the target to collect at least 99% of Council Tax within three years continues to be achieved.

Table 11 Council Tax Collection Rates	2020/21 %	2021/22 %	2022/23 %	2023/24 %	2024/25 %
After 1 year	97.4	97.8	98.2	98.0	*55.58
After 2 years	98.6	98.5	98.8	**	**
After 3 years	98.9	99.0	**	**	**

\* 2024/25 rate is up to 30<sup>th</sup> September 2024.

\*\* Data is not yet available.

- 77 After accounting adjustments, the Council Tax Collection Fund is forecasting a £0.080m surplus for 2024/25, of which, £0.067m is attributable to Cheshire East Council. This surplus will be paid out in 2025/26 and will be held in the Collection Fund Earmarked Reserve until such time.

### Non-Domestic Rates (NDR)

- 78 Collectable rates are distributed between Cheshire East Council (49%), Cheshire Fire Authority (1%), and Central Government (50%).
- 79 Non-domestic Rates valuations for 2024/25 were set out in the NNDR1 return to Central Government in January 2024. Any variance to this forecast is included in the following years' NNDR1 return and any gain or loss will be recovered in 2025/26. The total Net Rates Payable into the Collection Fund was forecast at £155.7m.
- 80 **Table 12** demonstrates that the target to collect at least 99% of Non-Domestic Rates within three years continues to be achieved.

<b>Table 12 Non-Domestic Collection Rates</b>	<b>2020/21 %</b>	<b>2021/22 %</b>	<b>2022/23 %</b>	<b>2023/24 %</b>	<b>2024/25 %</b>
After 1 year	92.4	95.6	98.2	97.7	*56.43
After 2 years	97.4	98.3	98.8	**	**
After 3 years	99.0	99.2	**	**	**

\* 2024/25 rate is up to 30<sup>th</sup> September 2024.

\*\* Data is not yet available.

- 81 After accounting adjustments, the Non-Domestic Rates Collection Fund is forecasting a £2.1m deficit for 2024/25, of which, £1.0m is attributable to Cheshire East Council. This deficit will be repayable in 2025/26 and will be managed through the Collection Fund Earmarked Reserve.

### Treasury Management Strategy update

- 82 Treasury Management income to 30 September 2024 is £1.5m which is higher than the budgeted £0.9m. However, borrowing costs are also higher than budgeted at £9.2m compared to budget of £8m. This is caused by a combination of increasing interest rates with an increased borrowing requirement. From the projected cash flows for the remainder of 2024/25 the net additional financing costs (borrowing less investment interest) is expected to be £0.7m in excess of that budgeted.
- 83 Interest rates have seen substantial rises over the last two years which has significantly increased the cost of borrowing. The expectation is that borrowing costs will start to fall although market uncertainty and tightening liquidity in the markets suggests we will not benefit from lower rates until 2025/26.

- 84 At the moment, cash shortfalls are generally being met by temporary borrowing from other local authorities which for a number of years has been considerably cheaper than other sources of borrowing and allowed the Council to keep financing costs low. The cost of these loans is currently relatively high compared with longer term loans but interest forecasts suggest it is still the cheaper option in the long term. However, liquidity risk remains an issue as funds become more scarce towards year end and the request to the Government for exceptional financial support has raised credit worthiness concerns with some lenders. To reduce liquidity risk and any potential credit related penalisation on interest costs, consideration is being given to taking more longer term PWLB loans.
- 85 The cost of short term borrowing for the first six months of 2024/25 is 5.45% which is an increase from 4.82% in 2023/24. These costs are now expected to reduce as the outlook is for reducing interest rates.

## **Investment Strategy**

- 86 There have not been any material changes to the Investment Strategy since that reported at Final Outturn 2023/24, see link [Final Outturn 2023-24 Annex 1.pdf \(cheshireeast.gov.uk\)](#)

## **Consultation and Engagement**

- 87 As part of the budget setting process the Pre-Budget Consultation provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

## **Reasons for Recommendations**

- 88 The overall process for managing the Council's resources focuses on value for money, good governance and stewardship. The budget and policy framework sets out rules for managing the Council's financial affairs and contains the financial limits that apply in various parts of the Constitution. As part of sound financial management and to comply with the constitution any changes to the budgets agreed by Council in the MTFS require approval in line with the financial limits within the Finance Procedure Rules.
-

- 89 This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring and management processes for financial and non-financial management of resources.

### **Other Options Considered**

- 90 None. This report is important to ensure Members of the Committee are sighted on the financial pressure the Council is facing and the activity to date to try and mitigate this issue and are given an opportunity to scrutinise this activity and identify any further actions that could be taken to learn to live within our means Do nothing. Impact – Members are not updated on the financial position of the Council. Risks – Not abiding by the Constitution to provide regular reports.

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 91 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget and require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 92 The provisions of section 25 of the Local Government Act 2003, require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 93 The Council should therefore have robust processes in place so that it can meet statutory requirements and fulfil its fiduciary duty. It must ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans. Local authorities are creatures of statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in respect of how
-

those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.

- 94 The financial position of the Council must therefore be closely monitored, and Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings or alternative mitigations.
- 95 This report provides an update on progress for 2024/25 for all services.
- 96 It also provides updates and comments regarding the Council's request for Exceptional Financial Support under The Levelling-up and Regeneration Act 2023 which inserted an amended Section 12A as a trigger event within the Local Government Act 2003, in relation to capital finance risk management. The legislation also provides for risk mitigation directions to be given to the Council which limit the ability to undertake certain financial action. The limitations are based on identified risk thresholds.

#### *Section 151 Officer/Finance*

- 97 The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
  - 98 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.
  - 99 The unplanned use of financial reserves could require the Council to deliver a greater level of future savings to replenish reserve balances and / or revise the level of risks associated with the development of the Reserves Strategy in future.
  - 100 As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.
-

- 101 Forecasts contained within this review provide important information in the process of developing the Medium-Term Financial Strategy. Analysis of variances during the year will identify whether such performance is likely to continue, and this enables more robust estimates to be established.
- 102 The risk associated with the scale of these challenges is that the Council could act illegally, triggering the requirement for a s.114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:
1. Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
  2. Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.
- 103 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.
- 104 Further consequences would be highly likely and could include the appointment of Commissioners from the MHCLG, and potential restrictions on the decision-making powers of local leaders.

### *Policy*

- 105 This report is a backward look at Council activities and predicts the year-end position. It supports the Corporate Plan aim Open and priority to be an open and enabling organisation.
- 106 The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2025 to 2029 Medium-Term Financial Strategy.
- 107 The approval of supplementary estimates and virements are governed by the Finance Procedure Rules section of the Constitution.

### *Equality, Diversity and Inclusion*

- 108 Any equality 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.
-

*Human Resources*

109 This report is a backward look at Council activities at outturn and states the year end position. Any HR 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.

*Risk Management*

110 Financial risks are assessed and reported on a regular basis, and remedial action taken if required. Risks associated with the achievement of the 2023/24 budget and the level of general reserves were factored into the 2024/25 financial scenario, budget, and reserves strategy.

*Rural Communities*

111 The report provides details of service provision across the borough.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

112 The report provides details of service provision across the borough and notes the pressure on Children in Care.

*Public Health*

113 This report is a backward look at Council activities at the first review and provides the forecast year end position. Any public health 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.

*Climate Change*

114 There are no direct implications for climate change.

<b>Access to Information</b>	
Contact Officer:	Adele Taylor, Interim Director of Finance and Customer Services (s151 Officer) <a href="mailto:adele.taylor@cheshireeast.gov.uk">adele.taylor@cheshireeast.gov.uk</a> Paul Goodwin, Head of Finance & Deputy Chief Finance Officer <a href="mailto:paul.goodwin@cheshireeast.gov.uk">paul.goodwin@cheshireeast.gov.uk</a>
Appendices:	<b>Annex 1 including:</b>



	<ul style="list-style-type: none"><li>• <b>Section 1</b> 2024/25 Forecast Outturn</li><li>• <b>Section 2</b> 2024/25 Approved Budget Change Items</li><li>• <b>Section 3</b> Revenue Grants for approval</li><li>• <b>Section 4</b> Capital</li><li>• <b>Section 5</b> Reserves</li><li>• <b>Section 6</b> Treasury Management</li></ul>
Background Papers:	<p>The following are links to key background documents:</p> <p><a href="#">Medium-Term Financial Strategy 2024-2028</a></p> <p><a href="#">First Financial Review 2024/25</a></p>



This page is intentionally left blank



# **Second Financial Review 2024/25**

## **Results to end of August 2024**

# Contents

Section 1: 2024/25 Forecast Outturn.....	3
Section 2: 2024/25 Approved Budget Change Items.....	5
Section 3: Revenue Grants for approval.....	25
Section 4: Capital.....	27
Section 5: Reserves .....	31
Section 6: Treasury Management.....	39

# Section 1: 2024/25 Forecast Outturn

- 1.1 Table 1 provides a service summary of financial performance based on information available as at the end of August 2024. The current forecast is that services will be £24.5m over budget in the current year.
- 2.1 It also shows that central budgets are forecast to be £4.5m under budget resulting in an overall outturn of £20.1m overspend against a net revenue budget of £395.4m, an improvement of £6.5m from FR1.
- 3.1 The overall revenue position does not include the impact of applying any Exceptional Financial Support.
- 4.1 The forecast outturn position is based on a full financial management review across all service and reflects the following assumptions:
  - Includes those savings that have been identified as non-achievable though the tracker on our High Level Business Cases (HLBC) with no/some alternative actions currently presented;
  - A review of the on-going impacts of adverse variances identified in 2023/24;
  - Any identified, emerging items of significance:
    - Within Adult Social Care, significant growth is forecast for care costs in line with position seen year to date, less mitigations linked to delivery of the Impower savings;
    - Includes the assumptions around additional revenue resources in Childrens Services to resource the draft improvement plan in relation to the recent OFSTED inspection;
  - Forecast impact of the proposed increased 2024/25 pay award £1.6m (unfunded);
  - Detailed review of any vacancy underspends in all areas;
  - One-off items that have been identified so far through line by line reviews and/or identification of additional funding that has been announced since the MTFS was set.
  - Mitigation activities delivered or forecast to be delivered by 31 March as reflected in paragraph 28 of the main covering report.
  - Review of Section 106 legacy budgets, the effects of which are partly reflected in the FR2 forecast out-turn as a one off contributions to reserves (to be further updated at FR3), work undertaken to date has identified an improvement (reduction) of the Council's bad debt provision of £0.8m,

Further items impacting on the level of the Council's balances are detailed in **Section 5**.

2024/25 FR2	Revised Budget (NET) £m	Forecast Outturn £m	Forecast Variance £m	Forecast Variance from FR1 FR1 £m	Movement from FR1 to FR2 FR2 £m
<b>SERVICE DIRECTORATES</b>					
Adult Social Care - Operations	145.9	167.8	21.9	21.7	0.2
Commissioning	(8.0)	(9.1)	(1.1)	(1.0)	(0.1)
Public Health	-	-	-	-	-
<b>Adults and Health Committee</b>	<b>138.0</b>	<b>158.7</b>	<b>20.8</b>	<b>20.7</b>	<b>0.0</b>
Directorate	2.3	3.4	1.1	1.3	(0.2)
Children's Social Care	55.3	58.9	3.6	4.6	(1.0)
Education, Strong Start & Integration	35.4	36.1	0.7	1.4	(0.7)
<b>Children and Families Committee</b>	<b>93.0</b>	<b>98.4</b>	<b>5.4</b>	<b>7.3</b>	<b>(1.9)</b>
Directorate	(0.34)	(0.37)	(0.03)	(0.03)	-
Growth & Enterprise	28.4	25.2	(3.2)	(2.6)	(0.7)
<b>Economy and Growth Committee</b>	<b>28.1</b>	<b>24.8</b>	<b>(3.3)</b>	<b>(2.6)</b>	<b>(0.7)</b>
Environment & Neighbourhood Services	48.4	48.3	(0.1)	0.6	(0.7)
<b>Environment and Communities Committee</b>	<b>48.4</b>	<b>48.3</b>	<b>(0.1)</b>	<b>0.6</b>	<b>(0.7)</b>
Highways & Infrastructure	16.0	15.4	(0.6)	(0.5)	(0.1)
<b>Highways and Transport Committee</b>	<b>16.0</b>	<b>15.4</b>	<b>(0.6)</b>	<b>(0.5)</b>	<b>(0.1)</b>
Directorate	1.4	1.2	(0.2)	(0.2)	(0.0)
Finance & Customer Services	12.2	14.0	1.8	1.9	(0.1)
Transformation	-	2.8	2.8	1.9	0.9
Governance & Compliance Services	10.9	9.6	(1.3)	(1.2)	(0.1)
Communications	0.7	0.7	(0.0)	(0.0)	0.0
HR	2.4	2.1	(0.3)	(0.3)	(0.0)
ICT	12.2	11.9	(0.3)	(0.1)	(0.2)
Policy & Change	2.0	1.8	(0.1)	(0.0)	(0.1)
<b>Corporate Policy Committee</b>	<b>41.8</b>	<b>44.2</b>	<b>2.4</b>	<b>0.0</b>	<b>2.4</b>
<b>TOTAL SERVICES NET EXPENDITURE</b>	<b>365.3</b>	<b>389.9</b>	<b>24.5</b>	<b>25.6</b>	<b>(1.1)</b>
<b>CENTRAL BUDGETS</b>					
Capital Financing	31.7	32.0	0.3	0.4	(0.1)
Transfer to/(from) Earmarked Reserves	(13.0)	(16.5)	(3.5)	0.6	(4.1)
Parish Precepts & Other Operating Expenditure	11.4	10.1	(1.3)	(0.1)	(1.2)
<b>Finance Sub-Committee - Central Budgets</b>	<b>30.0</b>	<b>25.6</b>	<b>(4.5)</b>	<b>0.9</b>	<b>(5.4)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>395.4</b>	<b>415.4</b>	<b>20.1</b>	<b>26.5</b>	<b>(6.5)</b>
Business Rates Retention Scheme	(69.5)	(69.5)	0.0	-	0.0
Specific Grants	(32.4)	(32.4)	-	-	-
Council Tax	(293.5)	(293.5)	-	-	-
<b>Finance Sub-Committee - Net Funding</b>	<b>(395.4)</b>	<b>(395.4)</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
<b>NET (SURPLUS) / DEFICIT</b>	<b>(0.0)</b>	<b>20.1</b>	<b>20.1</b>	<b>26.5</b>	<b>(6.5)</b>

## Section 2: 2024/25 Approved Budget Change Items

The following table provides up detailed commentary on the progress against the approved budget change items that were agreed as part of the budget agreed in February 2024. These are split by relevant committee.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Adults and Health Committee</b>	<b>+1.136</b>	<b>+21.900</b>	<b>+20.764</b>	
1	Fees and Charges	-1.800	-1.800	0	Green – see below
2	Client Contributions Increase	-0.800	-4.649	-3.849	Green - £3.85m surplus vs client contribution budget forecasted for 2024/25. This is in addition to achieving the budgeted increase for Fees and Charges & Client Contribution increase in-year (£2.6m)
3	Working Age Adults - Prevent, Reduce, Delay	-1.467	-1.467	0	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.
4	Older People – Prevent, Reduce, Delay	-1.566	-1.566	0	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.
5	Market Sustainability and Workforce grant	-1.100	-1.100	0	Completed
6	Revenue grants for Adult Social Care	-2.480	-2.480	0	Completed
7	Pension Costs Adjustment	-0.493	-0.493	0	Completed
8	Investment in Adult Social Care	+7.600	+30.133	+22.533	Red – MTFS growth for Care Costs not sufficient to cover the pressure seen in 2023/24 plus the expected growth in 2024/25. Mitigations to reduce pressure reported separately.
9	Pay Inflation	+1.892	+2.104	+0.212	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS.
10	Resettlement Revenue Grants – reversal of 2023/24 use	+0.850*	+0.850*	0	Completed
11	Adult Social Care Transformation Earmarked Reserve Release – reversal of 2023/24 use	+0.500*	+0.500*	0	Completed

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
12	Market Sustainability and Fair Cost of Care – Removal of Grant Income	-	-	-	Completed - Now a 2025/26 Item
13	Asset Management	TBC	TBC	-	Green - It is expected that the NHS will confirm their intentions for usage of one of the key CEC sites in question by September 2024. Once this is received, the business case for future usage of the site will be revisited and taken through the appropriate CEC governance procedures. The model of care in relation to high-cost adult social care and health provisions will be part of this work.
14	Investigate potential agency creation	TBC	TBC	-	Green - This proposal has been consistently delivered in relation to the usage of a Care Workers agency in all but name. Care4CE, the Council's in house care provider, has been utilising workers, both casual and agency, as a bank of workers for several years to successfully deliver operational requirements. The establishment of a CEC.
In year	Other variances to reconcile to 2024/25 FR2 forecast	0	+2.888	+2.888	
In year	Mitigations reducing the FR2 reported forecast position	0	-1.020	-1.020	

*\* Item represented a one-off spend in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.*

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Children and Families Committee</b>	<b>+9.909</b>	<b>+15.311</b>	<b>+5.402</b>	
15	Discretionary offer to children with disabilities	-0.900	-0.903	-0.003	Green - On track, project team progressing multiple improvements to redesign the service offer, ensuring consistency and efficiency.
16	Remove school catering subsidy	-0.516	-0.049	+0.467	Red - In progress, rate uplift applied from September 2024 in order to cover the costs of the service through to the end of March 2025 when it ends. However, as some schools are making their own arrangements before the end of the financial year, this will impact on the savings target.
17	Review of structure to further integrate children and families services	-1.000	-0.200	+0.800	Red - Delivery Planning in progress to address saving. Including: further Establishment review, service redesign, cross directorate risk management.
18	Reduce discretionary Post-16 Travel Support	-0.400	-0.250	+0.150	Red - Agreed by Committee so progressing, too early to confirm take-up.
19	Achieve the Family Hub model	-0.250	-0.250	0	Green - Committee approved permission to consult. Following the consultation period, a report will go back to Committee in November for a decision to move forward with the new model. Savings are not going to be delivered in year therefore alternative saving being found to cover this.
20a	Other Service Reviews – Review of commissioned services across the C&F directorate. Review of the current Domestic Abuse Service	-0.100	-0.143	-0.043	Completed.
20b	Other Service Reviews – Maximise grant allocation to cover all costs	-0.100	0	+0.100	Red - Plan to explore current / future grants to ensure where T&Cs allow, contribution to fund base costs (e.g. staffing and on costs) is maximised.
20c	Other Service Reviews – Traded services	-0.050	+0.020	+0.070	Red - Part delivered but may need to look for alternative options to cover the remaining saving for this year.
21a	Reduce Growth in expenditure – review of high cost, low outcome external residential placements	-1.000	-1.000	0	Red - Whilst work has been taking place to open CE Children's Homes and our first open is now open, with our second due in autumn/winter, our collaboration with Foster4 working well to increase our foster carers, we still are seeing more children coming into carer. There is also increasing

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					instability with the residential market,, driving up prices. Complex young people need high packages of support, which are extremely expensive. We are due to review all high cost placements and other placements to identify children for whom reunification to family would be appropriate. Processes are also in place by the Head of Provider Services to review costs being paid to providers.
21b	Reduce Growth in expenditure – increase commissioning approach to establish greater opportunities to provide accommodation for +16 young people	-0.400	-0.200	+0.200	Red - 16+ and 18+ Commissioning Plans / Market Shaping in Progress. Responding to increasing demand and complexity.
21c	Reduce Growth in expenditure – Foster Care	-0.250	-0.250	0	Amber - Developing a Delivery Plan to increase Foster Care provision.
21d	Reduce Growth in expenditure – reduced spend on expert assessment in court proceedings and services post public law proceedings	-0.250	-0.250	0	Amber - Establishing a Task & Finish Group to explore and develop processes and capacity to reduce costly legal proceedings.
22	Pension Costs Adjustment	-0.515	-0.342	+0.173	Red - Teacher's pension legacy costs are not reducing as anticipated. Completed - CEC pension reduction.
23	Growth to deliver statutory Youth Justice service, and growth to ensure budget is sufficient to meet Safeguarding Partnership duties	+0.170	+0.197	+0.027	Amber - It is incumbent upon the three statutory safeguarding partners, the police, health and the Local Authority, to ensure that adequate funding is allocated to the Children's Safeguarding Partnership so it can fulfil its statutory functions in delivering the multi-agency safeguarding arrangements. An internal audit identified the Local Authority had not reviewed its contributions to the partnership and was insufficiently contributing to the delivery of the partnership arrangements. As a result, growth was approved by committee. This has been supported by an increase in contributions from all partner agencies. A vacancy has also been held in the business unit.
24	Growth to provide capacity to deliver transformation for SEND	+0.500	+0.297	-0.203	Green.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
25	Wraparound Childcare Programme (funded)	+0.587	+0.587	0	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.
25	Wraparound Childcare Programme (funded)	-0.587	-0.587	0	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.
26	Legal Proceeding - Child Protection	+0.770	+0.576	-0.194	Amber
27	Growth in School Transport budget	+0.936	+1.036	+0.100	Red.
28	Pay Inflation	+1.374	+1.915	+0.541	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS.
29	Use of Children & Families Transformation Reserve – reversal of 2023/24 use	+1.065*	+1.065*	0	Completed.
30	Growth in Childrens Placement costs	+10.825	+12.987	+2.162	Red - Will need to be closely monitored throughout the year to ensure that funding is sufficient to meet demand and complexity.
31	Revenue costs for the Crewe Youth Zone (as above) aligned to Supporting Families Funding	-	-	-	Green
31	Early Help budget to support funding towards the Crewe Youth Zone	-	-	-	Green
32	SEND Capital Modification	TBC	TBC	-	Amber - Contingent upon wider asset management and associated timelines. Extensive work underway to plan and progress development opportunities. Captured as part of the Capital Program reported to Committee.
33	Childrens Social Work Bank	TBC	TBC	-	Red - Various options currently being explored as part of wider C&F Establishment review and potential peripatetic resource options.
34	Safe Walking Routes to School	TBC	TBC	-	Green - Features as part of School Transport Programme.
35	Withdrawal of the CEC School Meals Service	TBC	TBC	-	Green - Features as part of School Catering subsidy project - CF2428-16.
In year	In-year emerging variance Education, Strong Start and Integration	0	-0.779	-0.779	Green. Underspend relates to vacancy management, reduced spend and income generation across services.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
In year	In-year emerging variance Children and Families Directorate	0	+0.165	+0.165	Red. Overspend relates to supplier compensation payment, external Quality Assurance Agency costs and cost of establishment.
In year	In-Year emerging variance Children's Social Care	0	+1.669	+1.669	Red. Overspend mainly relates to staffing costs.

*\* Item represented a one-off spend in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.*

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Corporate Policy Committee</b>	<b>+0.489</b>	<b>+2.966</b>	<b>+2.477</b>	
36	Reduce leadership and management costs	-0.540	-	+0.540	Red - The feedback from the DMA review is that senior management vacancies will require recruitment to in order to complete the complement of Corporate Managers. In year vacancy savings will continue but will be time limited. There is potential to increase costs by additional management support during transformation. This will result in increased budget pressure. This pressure is being mitigated through the four in-year items at the end of this table. Most of those will be permanent and used to deliver this saving.
37	Close the Emergency Assistance Scheme	-0.220	-0.220	0	Completed
38	Reduce election costs and increase charges where possible	-0.150	-0.150	0	Green - The proposal is to make a payment during 2024/25 of £70k-£80k from the existing election account, as part of this one-off saving. The remainder will be delivered by reducing the sum which would normally be paid into the election reserve. This might be mitigated in the year of the next local elections by monies which will be raised by charging town and parish councils for their elections in 2027. However, this will not be sufficient and will be likely to lead to the need for a supplementary estimate.
39a	Accelerate Digital Transformation (ICT Operational efficiencies)	-0.100	-0.100	0	Green – third party costs have been reduced and there are plans to reduce further during the year.
39b	Accelerate Digital (Digital efficiencies)	-0.150	-0.150	0	Green – Removal of temporary budget for Solutions Architect Resource, now covered by an Earmarked Reserve.
40	Enforce prompt debt recovery and increase charges for costs	-0.150	-0.150	0	Completed - The award of costs is a matter for the Magistrates at each court hearing. However, only by exception will they vary from the level already agreed by us with the Court Manager. The approach to the Court Manager has been made and the revised level agreed. The action is therefore complete, but the financial benefits will accrue as we continue

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					the regular recovery process during the year.
41a	Other efficiencies and reductions across Corporate Services – School Subsidy (ICT)	-0.032	-0.033	-0.001	Green
41b	Other efficiencies and reductions across Corporate Services – Organisational Development	-0.100	-0.100	0	Completed
41c	Other efficiencies and reductions across Corporate Services – Registration Services	-0.050	-0.050	0	Green
41d	Other efficiencies and reductions across Corporate Services – School Subsidy	-0.018	0	+0.018	Amber - Part of the £50k School Subsidy saving - Finance team to assist in identifying options. These are listed at the end of the table.
41e	Other efficiencies and reductions across Corporate Services	-0.010	0	+0.010	Amber - Finance team to assist in identifying options. These are listed at the end of the table.
41f	Other efficiencies and reductions across Corporate Services – Printing	-0.050	0	+0.050	Amber - Finance team to assist in identifying options. These are listed at the end of the table.
41g	Other efficiencies and reductions across Corporate Services – Hybrid working / mileage	-0.050	0	+0.050	Amber – Options being considered regarding reduced travel spend including ensuring efficient planning around meeting attendance and minimising unnecessary movements across the area. This maximises efficient use of time as well for teams.
42	Pension Costs Adjustment	-0.378	-0.378	0	Completed
43	Mitigation of reduction in the Dedicated Schools Grant	+0.136	+0.136	0	Completed
44	Pay Inflation	+1.446	+1.581	+0.135	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS.
45	Legal Services Capacity	+0.455	+0.455	0	Completed
46	ICT Review 1	+0.450	+0.450	0	Green
47	Workforce Strategy Review	TBC	-	-	Amber - There are no savings attributed to this area in 2024/2025. Opportunities to explore workforce options are being considered alongside transformation work. Any savings are likely to be realised in

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					2025/26 at the earliest. It is recommended that this item is removed from the list.
In year	Recognising the increased level of Registration service income of £350k.	0	-0.350	-0.350	This will be a permanent change to deliver the Red ranked items above.
In year	Recognising the receipt of £45k of Police and Crime Commissioner grant income.	0	-0.045	-0.045	This will be a permanent change to deliver the Red / Amber ranked items above.
In year	Taking the underspend on phones in corporate services (mobiles and rental) compared to budget.	0	-0.060	-0.060	This will be a permanent change to deliver the Red / Amber ranked items above.
In year	Additional mitigations to balance to FR1 position of +£23k for corporate incl ICT.	0	+2.130	+2.130	These will be a mix of permanent and temporary items to assist the in-year position. This includes Transformation costs.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Economy and Growth Committee</b>	<b>+3.316</b>	<b>+0.041</b>	<b>-3.275</b>	
49	Service Restructures within Place based Services	-0.787	0	+0.787	Amber – achievement through permanent savings remains challenging without a full restructure – which is pending the LGA review. Mitigation is through offset of underspend 'in year' and proposals are to be considered to offset permanently.
50	Reduce opening hours for main offices	-0.050	-0.050	0	Completed
51	Office estate rationalisation	-0.550	-0.250	+0.300	Amber - due to the timeline for the transfer of buildings being extended. This item is being mitigated by in year savings and by the items at the end of the table which are a mix of permanent and temporary measures.
52	Tatton Park	-0.046	-0.046	0	Amber - Savings can be achieved through investment in the Tatton Vision Programme. To date this programme has achieved cumulative MTFS savings of £624k. Amber rating reflects the fact that the Tatton Vision capital programme is currently under review. Lack of investment to maintain infrastructure or develop visitor attractions is likely to reduce savings.
53	Transfer of Congleton Visitor Information Centre	-0.020	-0.020	0	Green - Transfer of Congleton VIC to the Town Council has already occurred.
54	Pension costs adjustment	-0.157	-0.157	0	Completed
55	Tatton Park ticketing and electronic point of sale (EPOS) upgrade	+0.005	+0.005	0	Green - A procurement process is currently underway to source a supplier who can ensure onsite and web-based delivery of a new system which aligns with present and future needs. Improved functionality should enable future savings delivery.
56c	West Park collection	+0.012	+0.012	0	Green - Cost for vital conservation and storage of West Park Museum collections and ongoing temporary storage requirements.
56d	CEC archives	+0.008	0	-0.008	Amber - Timescales for implementation of the Archives capital project have slipped due to grant funding decisions, with revised opening date of Spring 2026.
57	Property Information and Management System - Estates – Revenue Adjustment	+0.030	+0.031	+0.001	Completed

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
58	Housing	+0.035	+0.035	0	Green - Consultation on the Housing Restructure commences 22 May and includes the post that the funding is attributed to. The new structure will be implemented by 1 August 2024.
59	Environmental Hub Waste Transfer Station	+0.040	+0.040	0	Green - Project on track delivery Q1/2. The replacement of bay 1 in the Councils Environmental Hub Residual Waste Transfer Station building with a new design more likely to provide long-term resilience to wear and tear, to enable the continuation of waste processing at the transfer station.
60	Rural and Visitor Economy	+0.045	+0.045	0	Green - Additional revenue support is required to cover the increase in electricity charges for the Rural and Culture Economy Service to maintain existing service provision at Tatton Park and Countryside sites.
61	Minimum energy efficiency standards (MEES) - Estates - Revenue Adjustment	+0.079	+0.079	0	Amber – Prioritised negotiations with 3rd parties/tenants occupying premises being expedited to avoid delays on obtaining access for surveys, completing necessary improvement works and legally completing lease renewals.
62	Public Rights of Way Income Realignment	+0.115	+0.115	0	Completed. Adjustments made to budget forecasts 2024/25
63	Pay inflation	+0.788	+0.940	+0.152	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS. This item is being mitigated by the items at the end of the table which are a mix of permanent and temporary measures.
64	Crewe town centre maintenance and operation	+0.650	+0.630	-0.020	Green
65	Assets - Buildings and Operational	+3.119	+3.119	0	Green
66	Landfill Site Assessments revenue adjustment - Estates – CE Owned Landfill sites (53 sites) Review and Risk Assessment completions	-	-	-	Amber - £10k cost growth in for 25/26. Second stage of the review to commence shortly. Internal capacity within Environmental Services to be identified.
67	Tatton Park Estate Dwellings Refurbishment	-	-	-	Completed - Provision for response maintenance issues for 8 onsite dwellings to ensure properties meet standards required as part of tenancy agreements and the National Trust lease.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
68	Improving Crewe Rented Housing Standards	-	-	-	Green
In year	Growth & Enterprise 2024/25 mitigations to balance back to finance review position	0	-3.672	-3.672	
In year	Place Directorate 2024/25 mitigations to balance back to finance review position	0	-0.815	-0.815	

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Environment and Communities Committee</b>	<b>-0.052</b>	<b>-0.178</b>	<b>-0.126</b>	
69	Refresh wholly owned company overheads and contributions	-1.000	-1.500	-0.500	Green - ASDV Review recommendations have now been approved in full by Finance Sub-Committee in their role as shareholder of the wholly owned companies. The process of insourcing these services is now underway which will release an element of their reserves in year to meet this one-off contribution.
70	Strategic Leisure Review (Stage 2)	-1.305	-1.185	+0.120	Amber - Initial savings secured via committee decision on 11th March 2024. Proposals are being developed with EHL and town and parish councils to secure the residual £250k amount - dialogue is ongoing.
71	Mitigate the impact of contract inflation and tonnage growth	-0.490	-0.490	0	Completed - Mitigate the impact of contract inflation and tonnage growth.
72	Emergency reduction of Household Waste Recycling Centres (HWRC) to four core sites	-0.263	-0.200	+0.063	Amber - Full saving on basis of original HLBC will not be achieved due to introduction of mobile provision offer as a result of Full Council decision and costs associated with trial of booking system. Following implementation of temporary closures final negotiations with supply chain are nearing conclusion in relation to savings in year, which include adjustment for waste diversion. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures.
73	Libraries Strategy	-0.365	-0.302	+0.063	Amber - Development of and consultation on Libraries Strategy is now reaching a conclusion following public consultation. Need to secure committee decision to implement final Strategy (target Nov 2024) – engagement with Town and Parish Councils undertaken to shape the Strategy proposals and seek funding contributions, which is continuing and producing results. This item is being partly mitigated by the item at the end of the table, which is a mix of permanent and temporary measures, principally vacancy management.
74	Reduce costs of street cleansing operations	-0.200	-0.200	0	Green - Value of saving now reduced from ANSA Management Fee for 2024/25, proposals to achieve which include immediate reductions in service

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					resilience, due to removal of any vacancies and under utilised fleet.
75	Reduce revenue impact of carbon reduction capital schemes	-0.336	0	+0.336	Amber – Carbon Neutral Council target deferred from 2025 to 27, as agreed at Full Council on 27.02.24, large scale prudential borrowing funded schemes spend now reprofiled to suit, however budget not sat within E&C Committee. Discussion with Corporate Financing team to re-allocate. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures.
76	Increase Garden Waste charges to recover costs	-0.045	-0.045	0	Green – Increase Garden Waste charges for the calendar year 2025 to recover costs
77	MTFS 80 (Feb 23) – Waste Disposal – Contract Inflation and Tonnage Growth (updated forecast)	+3.577	+3.977	+0.400	Green – rating due to fluctuations in waste markets relating to recyclates and continued levels of inflation, outside CEC control and not aligned to projections. Mitigation is to continue with monthly financial monitoring and detailed update of forecasting to year end, based on market intelligence from suppliers and historical seasonal trends data.
78	Pay Inflation – CEC & ASDV	+1.861	+2.397	+0.536	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures.
79	Pension Costs Adjustment	-0.151	-0.151	0	Completed
80	MTFS 90 (Feb 23) Strategic Leisure Review	+1.250	+1.250	0	Completed - Growth item budget adjustment only - replacing 2023/24 £1.3m savings target.
81	MTFS 91 (Feb 23) – Green Spaces Maintenance Review	-0.200	-0.200	0	Green - Year 2 saving - Policy now implemented and full saving secured from ANSA contract.
82	MTFS 92 (Feb 23) - Review Waste Collection Service - Green Waste	-3.150	-3.150	0	Green - Subscription levels in line with original business model.
83	Review MTFS 92 (Feb 23) Garden waste subscription financial model in line with latest subscription levels and with actual observed	-0.429	-0.429	0	Green - Continued monitoring of subscription levels and any adverse impacts is already in place, update to original business plan assumptions.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	position on any waste migration				
84	MTFS 93 (Feb 23) Libraries - Service Review	-0.200	-0.200	0	Amber - Year 2 of Service Review - reduction in staffing levels have been implemented and now include vacancy management in year to ensure achievement of saving. Currently covered temporarily by vacancy savings
85	Explore a Trust delivery model for Libraries and other services	+0.150	+0.020	-0.130	Green - Growth item to cover one off costs relating to implementation of alternative delivery model(s) for libraries service. Aligned to development of Libraries Strategy.
86	CCTV – Service Efficiencies	-0.030	-0.030	0	Green – Ongoing actions to increase customer base for existing services, identification of new chargeable services/customers and service efficiency savings as well as increased fees and charges to meet the target.
87	Congleton Town Council Collaboration Agreement – Grounds Maintenance	-0.062	-0.062	0	Completed - Congleton Town Council Collaboration Agreement on Grounds Maintenance Cheshire East Contribution reduced in line with reductions in Cheshire East Maintained green space.
88	Closed Cemeteries	+0.005	+0.005	0	Completed - Inflationary adjustment to previous budget allocation only.
89	Environmental Hub maintenance	+0.023	+0.023	0	Completed - Inflationary adjustment to previous budget allocation only.
90	Review Closed Landfill Sites	+0.300*	+0.300*	0	Completed - The Council has responsibility for a number of closed landfill sites across the borough for which it holds a provision.
91	Land Charge Income Adjustment	+0.050	+0.064	+0.014	Amber - Uncertainty around implementation timescales of HMLR changes to centralise some aspects of land charges functions hence understanding of actual impact, to be regularly monitored.
92	Building Control Income Alignment	+0.203	+0.403	+0.200	Amber - Due to current national trend of downturn in planning and related building control income. To be monitored through more regular financial forecasting in service. Reforms to national planning policy recently consulted upon may have a positive impact on this position moving forward due to uplift in both volume and pace of developments coming forward. To be considered in due course following Govt announcement. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
93	Local Plan Review	+0.255	+0.255	0	Completed - Budget adjustment to provide additional one-off funding towards development of new Local Plan, now commenced.
94	Planning income	+0.400	+0.910	+0.510	Amber – Forecast reduced income in year due to current national trend of downturn in planning applications and hence income. Proactively monitored through regular financial forecasting in service. Partially mitigated by continued high level of vacancies and the item at the end of the table. Recent national planning policy forms announced by Govt which were subject to a consultation process may help to alleviate the income position, but will require vacancies to be filled to cater for the likely increase in applications. To be considered as and when further announcement made.
95	Planning Service Restructure	-	-	-	Green - No action for 2024/25. Growth for 2025/26 to be kept under review.
96	Review of Household Waste Recycling Centres	+0.100	+0.100	0	Green - all activities are on track for completion on time following decision at Environment and Communities Committee on 26 September 2024 to proceed with preferred option and finalisation of new operating contract procurement process.
In year	Environment & Neighbourhood Services mitigations 2024/25 to balance back to finance review position	0	-1.738	-1.738	

\* Item represented a one-off saving in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Highways and Transport Committee</b>	<b>+4.869</b>	<b>+4.267</b>	<b>-0.602</b>	
97	Highway maintenance savings	-0.750	-0.750	0	Green - Savings are being achieved through: - reducing the number of cuts on grass verges from 10 to 8; - directly employing staff to carry out surveys, rather than sub-contracting; - reductions in staffing and vacancy management; and - reliance on the Council's adverse weather reserve for snow clearance. Service budgets have been reduced to reflect the savings being made.
98	Introduce annual increases to car parking charges	-0.150	-0.150	0	Green - Annual inflation adjustment to existing P&D tariffs can be implemented by 1st July 2024, in advance of bringing charges into effect in the "free towns". This is 3 months earlier than planned.
99	Pension Costs Adjustment	-0.052	-0.052	0	Completed
100	Highways	-0.031	-0.031	0	Completed - This saving was delivered by changes to response times to defects in 2023/24.
101	Safe Haven outside schools (Parking)	-0.023	-0.023	0	Red - Introduction of CCTV camera enforcement of waiting/loading restrictions at school gates on a trial basis using bespoke equipment that is type approved and proven for these purposes in order to improve road safety and increase enforcement capacity at these high risk locations.
102	Transport and Infrastructure Strategy Team - Restructure	+0.120	+0.060	-0.060	Amber - Vacancies in existing structure provide some flexibilities of resourcing and recruitment planning.
103	Pay Inflation	+0.339	+0.351	+0.012	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS. This item is being mitigated by the item at the end of the table which is a mix of permanent and temporary measures.
104	Parking - PDA / Back Office System contract	+0.100	+0.100	0	Green - Market testing completed - exploring a direct award opportunity with implementation testing and data migration.
105	Flood and Water Management Act 2010 SuDS & SABs Schedule 3 Implementation	+0.100	+0.100	0	Green - The requirement is to be ready to implement changes when regulations are implemented nationally.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					A training plan for existing staff has been identified. Recruitment is to be progressed.
106	Energy saving measures from streetlights	+0.242	+0.242	0	Completed - This entry was in the MTFS to cancel an unachievable saving from 2022/23. There is no further action.
107	Parking	+0.245	+0.245	0	Amber - Following decisions in January 2024, arrangements are in place to adjust existing Pay & Display tariffs from 1 July 2024 and extend pay and display to car parks in "free towns" by October 2024. Statutory consultations on Sunday and Evening charges will start in July. A trial of demand-responsive tariffs will begin with the opening of the new multistorey car park in Crewe.
108	Highways Revenue Services	+2.479	+2.479	0	Completed - This is a growth item. The growth has been factored into 2024/25 service levels and business plans. No further action.
109	Local Bus	+2.250	+2.250	0	Green
110	FlexiLink Service Improvement Plan	-	-	-	Green - A bus service review consultation is underway, including proposals relating to flexible transport. Committee received a report updating on the outcomes of the consultation and the approach to procurement on 19 September 2024.
111	Highways Depot Improvements	-	-	-	Red - This later year saving is subject to the approval of the business case for capital investment in depots. This will be reviewed during 2024/25.
112	Bus Stop Advertising Revenue Generation	-	-	-	Amber - Opportunity to shadow CWAC council's extension of the existing contract in the interim period.
In year	Highways & Infrastructure 2024-25 mitigations to balance to finance review	0	-0.554	-0.554	

MTFS Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	<b>Finance Sub-Committee</b>	<b>-19.667</b>	<b>-24.138</b>	<b>-4.471</b>	
113	Capital Financing - Minimum Revenue Provision	+9.508	+9.846	+0.338	Amber – assumes use of reserve of £2.135m (subject to approval). Ongoing capital review seeking to significantly reduce spend funded by borrowing.
114	Central Bad Debt Provision adjustment	+0.600	+0.600	0	Completed - budget adjustment.
115	Use of Earmarked Reserves – MTFS Reserve	+0.255	+0.255	0	Completed - budget adjustment / planned use of reserve.
115	MTFS Reserve – reversal of 2023/24 use	+1.536	+1.536	0	Completed - budget adjustment / planned use of reserve.
116	Collection Fund Reserve - Use of Earmarked Reserves	-0.834	-0.834	0	Completed - budget adjustment / planned use of reserve.
116	Collection Fund Reserve – reversal of 2023/24 use of reserves	+2.234	+2.234	0	Completed - budget adjustment / planned use of reserve.
117	Brighter Futures Transformation – reversal of 2023/24 use of reserves	+1.271	+1.271	0	Completed - budget adjustment / planned use of reserve.
118	Use of General Reserves – Fund in-year budget shortfall [NEW]	-11.654	-11.654	0	Completed - Drawn down in line with the MTFS forecast.
Amber 119	Council Tax - % increase	-13.527	-13.527	0	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target.
120	Council Tax – Base increase	-2.461	-2.461	0	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target.
121	Business Rates Retention Scheme – use of S31 compensation grants	-1.350	-1.350	0	Green - Grants to be received in line with final settlement from MHCLG.
122	Unring-fenced Grants + Revenue Support Grant	-5.245	-5.245	0	Green - Grants to be received in line with final settlement from MHCLG.
123	Council Tax and Business Rates Collection [NEW]	TBC	-	-	Initial case was to implement a working group to review council tax collection. No savings value was assigned to the case. The intention now is to bring

MTFS Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					forward via an informal briefing to include options around the council tax support scheme review (FS2428)
124	Council Tax Support [NEW]	TBC	-	-	Preparations to be made during 2024/25 with a view to amending the council tax support scheme in 2025/26. No value is assigned to 2024/25 as any savings/growth will be realised in 2025/26. Consultation dates / material to come via Finance Sub-Committee for summer launch. Final decision point will be December Council meeting 2024.
In year	Bad Debt Provision reduction (one off)	-	-0.839	-0.839	
In year	S106 (Estimate provisional – one off – may increase, still under review)	-	-0.452	-0.452	
In year	Increased use of reserves re Transformation spend included in Service FR2 forecasts	-	-4.034	-4.043	
In year	Adjustment to use of Earmarked reserves budgeted figure within Service Budgets	-	+0.525	+0.525	

## Section 3: Revenue Grants for approval

- 3.1. Cheshire East Council receives two main types of Government grants; specific purpose grants and general use grants. Specific purpose grants are held within the relevant service with a corresponding expenditure budget. Whereas general use grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2. Spending in relation to specific purpose grants must be in line with the purpose for which it is provided.
- 3.3. **Table 1** shows additional specific purpose grant allocations that have been received over £1m that **Council** will be asked to approve.
- 3.4. **Table 2** shows additional specific purpose grant allocations that have been received which are over £500,000 and up to £1m, and are for **Committee** approval.

**Table 1 – Council Decision**

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) over £1,000,000

Committee	Type of Grant	£000	Details
Children and Families – Children’s Services	Household Support Fund  (Specific Purpose)	2,200	This grant is from the Department for Work and Pensions. This is an extension to the Household Support Fund (HSF) and will cover the period from October 2024 to March 2025. The HSF is to provide crisis support to financially vulnerable households most in need.

**Table 2 – Committee Decision**

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) over £500,000 up to £1,000,000

Committee	Type of Grant	£000	Details
Adults and Health	Asylum Dispersal Scheme  (Specific Purpose)	770	This grant is from the Home Office (HO). Funding allocated by the Home Office for Cheshire East to support the Asylum Dispersal Scheme.

# Section 4: Capital

Table 1: Financial Parameters for 2023/24 to 2026/27

Parameter	Value (£m)			
	2023/24	2024/25	2025/26	2026/27
<b>Repayment of Borrowing</b>				
<b>Minimum Revenue Provision*</b>	17.5	18.8	23.2	24.9
<b>External Loan Interest</b>	14.3	18.1	16.5	15.0
<b>Investment Income</b>	(3.8)	(3.5)	(2.2)	(1.8)
<b>Contributions from Services Revenue Budgets</b>	(1.2)	(1.3)	(1.8)	(2.4)
<b>Total Capital Financing Costs</b>	<b>26.8</b>	<b>32.1</b>	<b>35.7</b>	<b>35.7</b>
<b>Use of Financing EMR</b>	<b>(7.9)</b>	<b>(2.1)</b>	<b>0</b>	<b>0</b>
<b>Actual CFB in MTFs</b>	<b>19.0</b>	<b>28.5</b>	<b>35.2</b>	<b>35.5</b>
<b>Budget Deficit</b>	<b>(0)</b>	<b>1.5</b>	<b>0.5</b>	<b>0.2</b>
<b>Capital Receipts targets*</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Flexible use of Capital Receipts</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>

\*Anticipated MRP based on achieving capital receipts targets

- 1.1. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 2**.
- 1.2. **Table 3** lists details of Delegated decisions up to £500,000 for noting.
- 1.3. **Table 4** lists Capital Supplementary Estimates over £500,000 and up to £1,000,000 for committee approval and Capital Virements over £500,000 and up to and including £5,000,000 that require Relevant Member(s) of CLT and Chief Finance Officer in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee to approve.
- 1.4. **Table 5** lists Supplementary Capital Estimates over £1,000,000 which Finance Sub committee are asked to recommend to Council for approval.

Table 2: Capital Programme Update

<b>CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY</b>					
<b>CAPITAL PROGRAMME 2024/25 - 2027/28</b>					
	<b>Forecast 2024/25 £000</b>	<b>Forecast 2025/26 £000</b>	<b>Forecast 2026/27 £000</b>	<b>Forecast 2027/28 £000</b>	<b>Total Forecast 2024-28 £000</b>
<b>Committed Schemes - In Progress</b>					
Adults and Health	800				<b>800</b>
Children and Families	32,551	25,086	16,355	17,749	<b>91,741</b>
Highways & Transport	46,992	36,385	27,297	126,015	<b>236,689</b>
Economy & Growth	43,747	32,669	44,164	61,502	<b>182,082</b>
Environment & Communities	13,184	17,001	3,414	22	<b>33,621</b>
Corporate Policy	11,962	6,627	3,173	1,834	<b>23,596</b>
<b>Total Committed Schemes - In Progress</b>	<b>149,236</b>	<b>117,768</b>	<b>94,403</b>	<b>207,122</b>	<b>568,529</b>
<b>CAPITAL PROGRAMME 2024/25 - 2027/28</b>					
	<b>Forecast 2024/25 £000</b>	<b>Forecast 2025/26 £000</b>	<b>Forecast 2026/27 £000</b>	<b>Forecast 2027/28 £000</b>	<b>Total Forecast 2024-28 £000</b>
<b>New Schemes</b>					
Adults and Health					<b>0</b>
Children and Families	1,738	7,200	5,248	3,000	<b>17,186</b>
Highways & Transport	895	21,842	15,051	15,051	<b>52,839</b>
Economy & Growth	3,145	358	0	0	<b>3,503</b>
Environment & Communities	2,647	4,602	1,150	0	<b>8,399</b>
Corporate Policy					<b>0</b>
<b>Total New Schemes</b>	<b>8,425</b>	<b>34,002</b>	<b>21,449</b>	<b>18,051</b>	<b>81,927</b>
<b>Total</b>	<b>157,661</b>	<b>151,770</b>	<b>115,852</b>	<b>225,173</b>	<b>650,456</b>
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis: (See note 1)</b>					
Government Grants	96,481	81,330	71,168	114,808	<b>363,786</b>
External Contributions	15,402	11,784	12,642	67,855	<b>107,683</b>
Revenue Contributions	444	0	0	0	<b>444</b>
Capital Receipts	233	660	17,240	17,466	<b>35,599</b>
Prudential Borrowing (See note 2)	45,101	57,996	14,802	25,044	<b>142,943</b>
<b>Total</b>	<b>157,661</b>	<b>151,770</b>	<b>115,852</b>	<b>225,173</b>	<b>650,456</b>

**Note 1:**

The funding requirement identified in the above table does not currently represent a balanced and affordable position, in the medium term. The Council will need to transform the capital programme to reduce the number of schemes requiring Cheshire East Resources and the need to borrow. The level of capital receipts are based on a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

**Note 2:**

The schemes marked \*\*and highlighted in the MTFs cannot proceed until the Capital Programme Review has been completed. Any urgent requests to continue prior to the reviews completion will require approval from the Chair of Finance Sub Committee and the S.151 Officer

**Note 3:**

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.

**Table 3: Delegated Decisions – Supplementary Capital estimates and Budget virements up to £500,000**

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Supplementary Capital Estimates that have been made up to £500,000</b>		
<b>Highways &amp; Transport</b>		
<b>Infrastructure</b>		
S106 M6 J17 Improvements	57,295	To add S106 monies received into the Programme.
Alvaston Roundabout Works	448,281	To add S106 monies received into the Programme.
<b>Total Supplementary Capital Estimates Requested</b>	<b>505,576</b>	
£		
<b>Capital Budget Virements that have been made up to £500,000</b>		
<b>Economy &amp; Growth</b>		
Macclesfield Indoor Market Refurbishment	243,000	To be moved from Macc on Foot, both Shared Prosperity Fund (UK) grant funded projects.
<b>Highways</b>		
Programme Management	118,320	To match budget to cost alignment, funded by virement from "Client Contract and Asset Management". All funded by Local Transport Grant.
Bridge Maintenance Minor Works	254,593	Works in relation to A523 Mill house Bridge, to be funded by virements from "Transport & Infrastructure Development Studies" (£50,000); "Client Contract and Asset Management" (£154,593); "LTP Development & Monitoring Studies" (£50,000). All funded by Local Transport Grant.
<b>Total Capital Budget Virements Approved</b>	<b>615,913</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>1,121,489</b>	

**Table 4: Requests for Supplementary Capital Estimates (SCEs) and Virements**

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Service Committee are asked to approve the Supplementary Capital Estimates above £500,000 up to and including £1,000,000</b>		
<b>Highways &amp; Transport</b>		
<b>Transport</b>		
Bridge Maintenance Minor Wks	602,407	Works in relation to A523 Mill house Bridge, to be funded by reimbursements in relation to insurance claims.
<b>Total Supplementary Capital Estimates Requested</b>	<b>602,407</b>	
<b>Service committee are asked to note Capital Budget Virements above £500,000 up to and including £5,000,000 for approval by Relevant Member(s) of CLT and Chief Finance Officer in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee</b>		
<b>Highways &amp; Transport</b>		
<b>Infrastructure</b>		
Middlewich Eastern Bypass	2,243,000	} Virements from Congleton Relief Road whose revised forecasts are expected to be significantly less.
Poynton Relief Road	2,191,429	
<b>Total Capital Virements requested</b>	<b>4,434,429</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>5,036,836</b>	

**Table 5: Recommendations for Approval for Supplementary Capital Estimates (SCEs) and Virements**

Committee	Amount Requested £	Reason and Funding Source
<b>Finance Sub Committee are asked to recommend to Council the approval of the Supplementary Capital SCEs over £1,000,000</b>		
<b>Highways &amp; Transport</b>		
<b>Infrastructure</b>		
Burford Roundabout Works	1,389,281	To add S106 monies received against planning app 13/2471N plus any subsequently applied interest into the Programme so that initial works can take place.
<b>Total Supplementary Capital Estimates Requested</b>		<b>1,389,281</b>
<b>Total Supplementary Capital Estimates and Virements</b>		<b>1,389,281</b>

# Section 5: Reserves

## Management of Council Reserves

- 5.1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
- 5.2. The opening balance at 1 April 2024 in the Council's General Fund Reserves was £5.6m, as published in the Council's Statement of Accounts for 2023/24.
- 5.3. At FR1 stage the closing balance at 31 March 2025 in the Council's General Fund Reserve was forecast to be £4.5m. However, at the FR2 stage, a further £4m transformational spend has been included within the service forecasts which will be funded from General reserves, reducing the forecast balance to £0.5m.
- 5.4. The current balance on reserves is insufficient in order to provide adequate protection against established and newly emerging risks, such as inflation and particularly the DSG deficit, which is projected to rise to £120.1m by year end and has been highlighted in the MTFS as having no alternative funding.
- 5.5. The Council also maintains Earmarked Revenue Reserves for specific purposes. The opening balance at 1 April 2024 was £32.3m.
- 5.6. During 2024/25, a net total of £10.6m has been drawn down to the support the in-year deficit position. A further £6.3m is being forecast to fund expenditure specifically provided for by services. These balances fall within the forecasts approved during the MTFS budget setting process.
- 5.7. Additional drawdown requests, above those forecast during MTFS, have been made by various services to support specific expenditure totalling £5.8m. These drawdowns, as detailed in the tables below, will be subject to approval by the Section 151 Officer.
- 5.8. The closing balance at 31 March 2025, is forecast at £9.5m.
- 5.9. Unspent schools' budgets that have been delegated, as laid down in the Schools Standards Framework Act 1998, remain at the disposal of the school and are not available for Council use. These balances are therefore excluded from all reserve forecasts.

**Table 1 – Reserves Balances**

Reserve	2023/24 Outturn	2024/25 Forecast
	£m	£m
General Reserves	5.6	0.5
Earmarked Reserves (Excluding Schools)	32.3	9.5
<b>Total Reserves Balance at 31st March</b>	<b>37.9</b>	<b>10.0</b>

**Table 2 - Earmarked Reserves Summary**

<b>Committee Reserves</b>	<b>Opening Balance 1st April 2024 £000</b>	<b>Transfers to General Fund £000</b>	<b>Forecast Movement in Reserves £000</b>	<b>Additional Drawdown Requests £000</b>	<b>Forecast Closing Balance 31 March 2025 £000</b>
Adults and Health	<b>5,226</b>	(2,795)	(110)	0	<b>2,321</b>
Children and Families	<b>1,724</b>	0	(1,593)	(131)	<b>0</b>
Corporate Policy	<b>20,773</b>	(6,551)	(2,830)	(4,545)	<b>6,847</b>
Economy and Growth	<b>2,777</b>	(662)	(1,004)	(765)	<b>346</b>
Environment and Communities	<b>870</b>	(390)	(402)	(78)	<b>0</b>
Highways and Transport	<b>908</b>	(205)	(415)	(288)	<b>0</b>
<b>TOTAL EARMARKED RESERVE MOVEMENT</b>	<b>32,278</b>	<b>(10,603)</b>	<b>(6,354)</b>	<b>(5,807)</b>	<b>9,514</b>

\* All 'Additional Drawdown Requests' are subject to approval.

\* Total excludes schools' balances

### Adults and Health Committee

Reserve Account	Opening Balance 01 April 2024	Drawdowns to General Fund	Approved Movement Forecast	Additional Drawdown Requests*	Closing Balance Forecast 31 March 2025	Notes
	£000	£000	£000	£000	£000	
<b><u>Adults Social Care Commissioning</u></b>						
PFI Equalisation - Extra Care Housing	2,857	(2,795)	0	0	62	Surplus grant set aside to meet future payments on existing PFI contract and the anticipated gap at the end of the agreement.
<b><u>Public Health</u></b>						
Public Health Reserve	2,369	0	(110)	0	2,259	Ring-fenced underspend to be invested in areas to improve performance against key targets; including the creation of an Innovation Fund to support partners to deliver initiatives that tackle key health issues.
<b>ADULTS AND HEALTH RESERVE TOTAL</b>	<b>5,226</b>	<b>(2,795)</b>	<b>(110)</b>	<b>0</b>	<b>2,321</b>	

\* All 'Additional Drawdown Requests' are subject to approval.

### Children and Families Committee

Reserve Account	Opening Balance 01 April 2024	Drawdowns to General Fund	Approved Movement Forecast	Additional Drawdown Requests*	Closing Balance Forecast 31 March 2025	Notes
	£000	£000	£000	£000	£000	
<b><u>Childrens Social Care</u></b>						
Domestic Abuse Partnership	131	0	0	(131)	0	To sustain preventative services to vulnerable people as a result of partnership funding in previous years.
<b><u>Strong Start, Family Help and Integration</u></b>						
Troubled Families Initiative	1,593	0	(1,593)	0	0	Crewe Youth Zone and ACT have been assigned funding from shared outcomes of the Supporting Families Programme.
<b>CHILDREN AND FAMILIES RESERVE TOTAL</b>	<b>1,724</b>	<b>0</b>	<b>(1,593)</b>	<b>(131)</b>	<b>0</b>	

\* All 'Additional Drawdown Requests' are subject to approval.

## Corporate Policy Committee and Central Reserves

Reserve Account	Opening Balance 01 April 2024	Drawdowns to General Fund	Approved Movement Forecast	Additional Drawdown Requests*	Closing Balance Forecast 31 March 2025	Notes
	£000	£000	£000	£000	£000	
<b><u>Corporate Directorate</u></b>						
Corporate Directorate Reserve	1,164	(935)	0	0	229	To support a number of widespread projects within the Corporate Directorate.
<b><u>Finance and Customer Service</u></b>						
Collection Fund Management	8,154	(1,235)	(2,915)	0	4,004	To manage cash flow implications as part of the Business Rates Retention Scheme.
Capital Financing Reserve	4,531	0	0	(4,531)	0	To provide for financing of capital schemes, other projects and initiatives
MTFS Reserve	2,914	(741)	255	0	2,428	To support the financial strategy and risk management. £1.2m of the remaining reserve balance had previously been earmarked for future voluntary redundancy costs.
Brighter Futures Transformation Programme	490	(470)	(20)	0	0	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.
Section 31 Revenue Grants	14	0	0	(14)	0	Unspent specific use grant carried forward into 2024/25.
<b><u>Governance and Compliance</u></b>						
Insurance Reserve	3,098	(3,098)	0	0	0	To settle insurance claims and manage excess costs. The full reserve has been released to the general fund to support the in-year deficit pressure.
Elections General	132	0	0	0	132	To provide funds for Election costs every 4 years.
Brexit Funding	13	(13)	0	0	0	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.

## Corporate Policy Committee and Central Reserves Continued

Reserve Account	Opening Balance 01 April 2024	Drawdowns to General Fund	Approved Movement Forecast	Additional Drawdown Requests*	Closing Balance Forecast 31 March 2025	Notes
	£000	£000	£000	£000	£000	
<b><u>Human Resources</u></b>						
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	59	(59)	0	0	0	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.
Pay Structure (M Grade Review)	54	0	0	0	54	Created to help fund ongoing changes to pay structure.
<b><u>ICT</u></b>						
Digital Solutions Architect	150	0	(150)	0	0	New reserve created in 23/24 to fund a role for the Digital Customer Enablement programme and will be key to realising the cost savings and efficiencies across the Council from the deployment of a number of digital initiatives.
<b>CORPORATE POLICY AND CENTRAL RESERVE TOTAL</b>	<b>20,773</b>	<b>(6,551)</b>	<b>(2,830)</b>	<b>(4,545)</b>	<b>6,847</b>	

\* All 'Additional Drawdown Requests' are subject to approval.

## Economy and Growth Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
<b><u>Directorate</u></b>						
Place Directorate Reserve	1,164	0	(473)	(385)	306	To support a number of widespread projects within the Place Directorate.
Investment (Sustainability)	610	0	(427)	(143)	40	To support investment that can increase longer term financial independence and stability of the Council.
<b><u>Growth and Enterprise</u></b>						
Legal Proceedings	212	0	(104)	(108)	0	To enable legal proceedings on land and property matters.
Investment Portfolio	534	(534)	0	0	0	The full reserve has been released to the general fund to support the in-year deficit pressure.
Homelessness & Housing Options - Revenue Grants	129	0	0	(129)	0	Grant committed for the purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families.
Tatton Park Trading Reserve	128	(128)	0	0	0	The full reserve has been released to the general fund to support the in-year deficit pressure.
<b>ECONOMY AND GROWTH RESERVE TOTAL</b>	<b>2,777</b>	<b>(662)</b>	<b>(1,004)</b>	<b>(765)</b>	<b>346</b>	

\* All 'Additional Drawdown Requests' are subject to approval.

## Environment and Communities Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
<b><u>Environment and Neighbourhood Services</u></b>						
Strategic Planning	568	(281)	(287)	0	0	To meet costs associated with the Local Plan - site allocations, minerals and waste DPD.
Trees / Structures Risk Management	139	(55)	(55)	(29)	0	To help respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Air Quality	36	0	(17)	(19)	0	Air Quality Management - DEFRA Action Plan. Relocating electric vehicle chargepoint in Congleton.
Licensing Enforcement	8	0	0	(8)	0	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
Flood Water Management (Emergency Planning)	2	0	(2)	0	0	Relating to Public Information Works.
Neighbourhood Planning	82	(41)	(41)	0	0	To match income and expenditure.
Spatial Planning - revenue grant	13	(13)	0	0	0	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.
Street Cleansing	22	0	0	(22)	0	Committed expenditure on voluntary litter picking equipment and electric blowers.
<b>ENVIRONMENT AND NEIGHBOURHOOD RESERVE TOTAL</b>	<b>870</b>	<b>(390)</b>	<b>(402)</b>	<b>(78)</b>	<b>0</b>	

\* All 'Additional Drawdown Requests' are subject to approval.

## Highways and Transport Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
<b><u>Highways and Infrastructure</u></b>						
Rail and Transport Integration	385	(185)	(200)	0	0	To support the Council's committed costs to the rail and transport networks across the borough.
Flood Recovery Works	400	0	(200)	(200)	0	To help the service manage risks such as the impact of adverse weather, specifically flooding or extensive periods where winter maintenance is required.
Highways Procurement Project	104	(20)	(15)	(69)	0	To finance the development of the next Highway Service Contract. Depot mobilisation costs, split over 7 years from start of contract in 2018.
LEP-Local Transport Body	19	0	0	(19)	0	Contribution to LEP transport studies/consultancy. Ongoing working around Transport Legacy issues.
<b>ECONOMY AND GROWTH RESERVE TOTAL</b>	<b>908</b>	<b>(205)</b>	<b>(415)</b>	<b>(288)</b>	<b>0</b>	

\* All 'Additional Drawdown Requests' are subject to approval.

# Section 6: Treasury Management

## Prudential Indicators revisions to: 2023/24 and 2024/25 – 2026/27 and future years

### Background

- 6.1. 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

- 6.2. In 2024/25, the Council estimates to spend £157.7m on capital expenditure as summarised below.

Capital Expenditure	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	Future years £m
<b>Total</b>	136.9	157.7	151.8	115.9	225.1

Source: Cheshire East Finance

### Capital Financing

- 6.3. 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	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	Future years £m
Capital receipts	0.1	0.2	0.7	17.2	17.5
Government Grants	61.2	96.5	81.3	71.2	114.8
External Contributions	8.8	15.4	11.8	12.7	67.8
Revenue Contributions	1.3	0.5	0.0	0.0	0.0
<b>Total Financing</b>	<b>71.4</b>	<b>112.6</b>	<b>93.8</b>	<b>101.1</b>	<b>200.1</b>
Prudential Borrowing	65.5	45.1	58.0	14.8	25.0
<b>Total Funding</b>	<b>65.5</b>	<b>45.1</b>	<b>58.0</b>	<b>14.8</b>	<b>25.0</b>
<b>Total Financing and Funding</b>	<b>136.9</b>	<b>157.7</b>	<b>151.8</b>	<b>115.9</b>	<b>225.1</b>

Source: Cheshire East Finance

### Replacement of debt finance

- 6.4. 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	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
<b>Total</b>	<b>17.5</b>	<b>18.8</b>	<b>23.0</b>	<b>24.9</b>	<b>25.3</b>

Source: Cheshire East Finance

### Estimates of Capital Financing Requirement

- 6.5. 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 will decrease by £2m during 2024/25. This assumes that were there has been significant forward funding of certain schemes that grants and other contributions are received in year to repay that forward funding. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
<b>Total</b>	<b>488</b>	<b>486</b>	<b>517</b>	<b>506</b>	<b>501</b>

Source: Cheshire East Finance

### Asset disposals

- 6.6. 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. Repayments of capital grants, loans and investments also generate capital receipts. The Council received £3.5m of capital receipts from asset sales in 2023/24 and plans to receive a further £4.8m in future years.

Capital Receipts	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Asset Sales	3.4	2.3	4.0	4.0	4.0
Loans Repaid	0.1	0.2	0.2	0.2	0.2
<b>Total</b>	<b>3.5</b>	<b>2.5</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>

Source: Cheshire East Finance

### Gross Debt and the Capital Financing Requirement

- 6.7. 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 4.95%) and long term fixed rate loans where the future cost is known but fixed over a period when rates are expected to fall (currently 4.99%– 5.3%).
- 6.8. Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement.

<b>Gross Debt and the Capital Financing Requirement</b>	<b>2023/24 Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
	£m	£m	£m	£m	£m
Borrowing	337	374	439	454	480
PFI Liabilities	18	17	17	15	14
<b>Total Debt</b>	<b>355</b>	<b>391</b>	<b>456</b>	<b>469</b>	<b>494</b>
Capital Financing Req.	<b>488</b>	<b>486</b>	<b>517</b>	<b>506</b>	<b>501</b>

Source: Cheshire East Finance

- 6.9. 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**

- 6.10. 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 £331m and is forecast to rise to £415m over the next four years.

<b>Borrowing and the Liability Benchmark</b>	<b>2023/24 Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
	£m	£m	£m	£m	£m
Outstanding Debt	337	374	439	454	480
Liability Benchmark	331	355	403	412	415

Source: Cheshire East Finance

- 6.11. The table shows that the Council expects to borrow above its liability benchmark.

### **Affordable borrowing limit**

- 6.12. 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.

	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m	2026/27 Estimate £m	2027/28 Estimate £m
Authorised Limit for Borrowing	540	570	590	590	590
Authorised Limit for Other Long-Term Liabilities	18	17	17	15	14
<b>Authorised Limit for External Debt</b>	<b>558</b>	<b>587</b>	<b>607</b>	<b>605</b>	<b>604</b>
Operational Boundary for Borrowing	530	560	580	580	580
Operational Boundary for Other Long-Term Liabilities	18	17	17	15	14
<b>Operational Boundary for External Debt</b>	<b>548</b>	<b>577</b>	<b>597</b>	<b>595</b>	<b>594</b>

Source: Cheshire East Finance

### Investment Strategy

- 6.13. 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.
- 6.14. 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	31/03/24 Actual £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m	31/03/28 Estimate £m
Short term	22	20	20	20	20
Long term	20	20	20	20	20
<b>Total Investments</b>	<b>42</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>

Source: Cheshire East Finance

- 6.15. Further details on treasury investments are in pages of the Treasury Management Strategy, reported here: [Final Outturn 2023-24 Annex 1.pdf \(cheshireeast.gov.uk\)](#)
- 6.16. 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.

- 6.17. Further details on investments for service purposes and commercial activities are in the Investment Strategy, reported here: [Final Outturn 2023-24 Annex 1.pdf \(cheshireeast.gov.uk\)](#)
- 6.18. 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	31/03/24 Actual	31/03/25 Estimate	31/03/26 Estimate	31/03/27 Estimate	31/03/28 Estimate
Financing Costs (£m)	19.0	28.5	35.3	35.5	33.3
Proportion of net revenue stream %	<b>5.38</b>	<b>7.20</b>	<b>8.77</b>	<b>8.60</b>	<b>7.84</b>

Source: Cheshire East Finance

## Treasury Management Indicators

- 6.19. The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 6.20. **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:
- 6.21. 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 2024/25 so a fall in rates would lead to savings rather than incurring additional cost so a limit of £0 was set. Rates are now more likely to reduce than increase so full revenue impact of changing rates is likely to be beneficial.

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% <b>rise</b> in interest rates	£2,270,000
Likely revenue impact in 2024/25 of a 1% <b>rise</b> in interest rates	£1,240,000

- 6.22. **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 30 September 2024 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	75%	68%

Refinancing rate risk indicator	Upper Limit	Actual
12 months and within 24 months	75%	1%
24 months and within 5 years	75%	6%
5 years and within 10 years	75%	12%
10 years and within 20 years	100%	5%
20 years and above	100%	8%

- 6.23. 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 has been considerably cheaper than alternatives and allows for LOBO loans which have the potential to be repaid early. This will be kept under review as it does increase the risk of higher financing costs in the future.
- 6.24. **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	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

OPEN

## Highways and Transport Committee

Thursday, 21 November 2024

### Medium Term Financial Strategy Update 2025/26 - 2028/29 (Highways & Transport Committee)

---

**Report of: Adele Taylor, Interim Executive Director of Resources,  
Section 151 Officer**

**Report Reference No: HT/22/24-25**

**Ward(s) Affected: All Wards**

**For Decision or Scrutiny: Scrutiny**

#### **Purpose of Report**

- 1 The Medium-Term Financial Strategy (MTFS) sets out how the Council will resource the achievement of the Council Plan and is subject to consultation and approval on an annual basis. The Finance Sub-committee approved the financial assumptions underpinning the current MTFS at their meeting in June 2024, with a further funding update received in September 2024.
- 2 This report sets out progress since that time and further development activity required before the final MTFS 2025-29 is presented for approval to the budget setting Council in February 2025.
- 3 Developing the MTFS requires a wide range of stakeholder engagement. Members are key stakeholders in their capacity as community leaders, but also in their capacity as decision makers in setting the Council's budget. The Finance-Sub Committee formed a working group to scrutinise the financial assumptions underpinning the current MTFS.
- 4 Individual Committees are being asked to review the in-year budget position and consider how this performance will impact on services they

are responsible for (see Second Financial Review Report on the Agenda).

- 5 Stakeholder engagement will follow when financial proposals have been considered and identified for consultation; it is planned that this will be approved at the meeting of the Corporate Policy Committee on 28 November. The January cycle of Committee meetings will be the forum to scrutinise the draft proposals put forward, alongside other feedback from consultees. All feedback will be collated and provided as evidence to the Corporate Policy Committee on 6 February 2025.
- 6 This paper, depending on the individual service committee, is being published just before or a little after the new Chancellor's budget on Wednesday 30 October. This budget had the potential of having an impact on some of the assumptions underpinning the MTFs and officers are working to assess the impact of the announcements made. The formal Local Government Finance settlement will follow, which will include more specific details for individual councils; this is likely to be in mid-to late December. At the meeting of Finance Sub-Committee, officers will provide an update on any potential consequences that are known at the time of the meeting itself.
- 7 Final approval of the 2025/26 budget will take place at full Council on 26 February 2025, following recommendation from the Corporate Policy Committee.

### **Executive Summary**

- 8 Financial strategies underpin how Cheshire East Council will allocate resources, achieve the Corporate Plan and provide in the region of 500 local services every day. The strategies must be affordable, based on robust estimates and balanced against adequate reserves.
- 9 There have been two previous reports to Finance Sub-Committee during 2024 setting out the budget assumptions underpinning the MTFs, including assumptions relating to funding, based on current expectations.
- 10 There has been a significant amount of work since that time to capture all the proposed budget changes required for 2025/26 and over the medium term, both from the transformation work and also outside of that programme, to ensure that a complete picture is being recorded.
- 11 The proposed budget changes put forward to date have been scrutinised in a series of officer challenge sessions to ensure accuracy, completeness and likelihood of success, to ensure that any future budget estimates are robust.

- 12 The proposed changes that have been compiled to date do not yet go far enough to balancing the budget in line with the revised funding envelope for 2025/26 as it is currently known. Further information on the coming years funding allocations and other important underpinning funding assumptions will be announced at the Budget on 30 October, but more detail will follow, most likely as part of the Provisional Local Government Finance Settlement in late December.
- 13 The Second Financial Review (FR2) forecasts (separate report on the agenda) have shown an improvement of £6.5m compared to FR1 (reported to September committee meetings) but are still projecting an in-year adverse variance of £20.1m - this remains a significant financial challenge for the Council. The FR2 forecast reserves, after agreed movements budgeted for in the 2024-28 MTFS, are currently £10.0m, being £0.5m of General Fund Reserves (including the forecast use of £4m for transformation costs) and £9.5m of Earmarked Reserves. The Council's level of reserves is therefore insufficient to cover the current forecast revenue outturn for the year without further action.
- 14 Both the in-year and future projections clearly show that further work needs to happen, at pace, if a balanced budget position is to be achieved by full Council in February 2025.

#### RECOMMENDATIONS

The Highways and Transport Committee is being asked to:

- (a) Note the progress to date on the development of the MTFS for 2025-29;
- (b) Note that officers will continue to challenge draft proposals and develop further proposals in consultation with Members prior to approval by Council;
- (c) Note that Committees will be presented with the opportunity to review the full set of financial proposals, designed to achieve a balanced budget, as part of their January cycle of meetings prior to recommendations being made to Council for approval.

#### Background

- 15 The Council's financial resources are provided from a combination of local taxes, government grants, investment returns on assets and other direct contributions from individuals or organisations. Financial plans are based on estimated spending and income over the next four years

and the report of the Chief Finance Officer brings Members' attention to the processes and risks associated with developing these estimates.

- 16 The Council aims to achieve value for money based on Economy (how much we pay for things), Efficiency (how well we use things) and Effectiveness (how we use things to achieve outcomes). Public feedback and internal and external scrutiny create the necessary framework to hold the Council to account for achieving these aims.
- 17 All councils are legally required to set a balanced budget each year and the immediate focus will be on balancing the 2025/26 financial year, rather than on the whole medium term, as has been the case previously. This replicates the focus last year and reflects the extremely challenging circumstances all councils are still facing.
- 18 Finance Sub-Committee received a report in June setting out the MTFS 2025-29 original planned timetable and budget assumptions underpinning the current MTFS. A working group then met during August to discuss these assumptions and their suitability for the medium term.
- 19 A further update report was then received in September setting out likely improvements to the funding envelope forecast over the medium term which reduced the overall 4-year target down from a savings position of c.£100m to c.£78m.

Table 3 – medium scenario	Estimated Position 2025/26 £m	Estimated Position 2026/27	Estimated Position 2027/28 £m
<b>Revised Funding Position - June 2024</b>	41.9	76.3	100.0
Social care unringfenced grant continuing over the medium term	(3.0)	(3.0)	(3.0)
New Homes Bonus – one year only	(3.5)	-	-
Additional Council Tax income	(5.9)	(12.3)	(19.3)
<b>Revised Cumulative position</b>	<b>29.5</b>	<b>61.0</b>	<b>77.7</b>

- 20 There have been some further refinements to the funding envelope for 2025/26 following the calculation of the taxbase for next year. Therefore, the revised funding envelope for 2025/26 has increased from £380.3m (as set out in the MTFS in February 2024) to £394.8m as at October 2024. This is an increase of £14.5m. For context, the funding envelope for 2024/25 was approved at £375.7m.

- 21 Any further changes from the budget announcements by central Government on 30 October will be factored into the funding envelope where possible. It is more likely that actual allocation changes will have to wait until the Provisional Local Government Finance Settlement, which is due to be received in mid to late December 2024.
- 22 There has been a substantial amount of work undertaken since the September update to bring forward a list of proposed budget change items for 2025/26 and the later years. An internal management “MTFS tracker” system has been put in place to capture all proposals in one place. This includes all items identified by our transformation partner as per the Transformation Plan that was approved by the Corporate Policy Committee in August 2024.
- 23 Challenge sessions have since been held during October with every directorate to ensure that all proposals that have been put forward as changes for the next MTFS have been fully scrutinised for accuracy and completeness, including the ongoing effects of the pressures forecast for 2024/25. Some of the items that have been considered are as follows:
- Growth – demand/ complexity/ cost changes; to reflect elements that affect future years, respectively;
  - Contractual inflation;
  - Revenue effects of capital projects – central financing and service budgets as part of the ongoing Capital Programme Review; and to bring the programme back to an affordable position;
  - Housekeeping – items that are one-year only as opposed to permanent – to ensure correctly reflected in the tracker;
  - Fees and charges – price/ income increases – all years;
  - What discretionary services/ functions can be reduced/ stopped;
  - Savings – transformation/ other - clarity on the level of actual savings and the realistic profile to ensure that these savings are deliverable.
- 24 Transformation plan ideas have been reviewed with relevant officers and support from Inner Circle, our transformation partner, to understand, interpret and develop the ideas initially put forward. All transformation proposals in the MTFS tracker have been reviewed against the following criteria:

- Clarity around what can change; how/ when can it be delivered - is the phasing correct and deliverable;
  - Fully reflect the costs and benefits of change (net deliverable positions);
  - Reflect realistic and deliverable savings per year - important to consider/ document the detail, establish expenditure and income budget impacts.
- 25 The Second Financial Review (FR2) projections (separate report) have shown an improvement on FR1 of £6.5m; but are forecasting an in-year adverse variance of £20.1m – this remains a significant financial challenge for the Council.
- 26 FR2 forecast reserves, after agreed movements budgeted for in the 2024-28 MTFS, are currently £10.0m, being £0.5m of General Fund Reserves (including the forecast use of £4m for transformation costs) and £9.5m of Earmarked Reserves. The Council's level of reserves is therefore insufficient to cover the current forecast revenue outturn for the year without further action.
- 27 This forecast does not assume the use of the Exceptional Finance Support (EFS) that was requested in 2023/24 and 2024/25, or therefore the cost of borrowing to finance any related borrowing costs. The EFS was agreed in principle, subject to a number of conditions being satisfied, including the submission of a transformation plan by the end of August 2024.
- 28 Both the in-year and future projections clearly show that further work needs to happen, at pace, if a balanced budget position is to be achieved by full Council in February 2025.
- 29 The work identified to be done during November includes:
- Review of any impact from the Chancellor's budget on 30 October;
  - Determine the approach and commence budget consultation – to be approved at 28 November Corporate Policy Committee;
  - High Level Business Cases to be developed, to provide supporting information for each proposed budget change item;
  - Further challenge of current proposals, plus the identification of additional proposals, to help towards closing the gap for the 2025/26 budget;

- 30 It will also be important to determine whether a request for any additional Exceptional Financial Support needs to be made to central Government.

### **Consultation and Engagement**

- 31 This report forms part of the pre consultation process for Members on the budget setting for 2025/26. Each committee will receive the same report to ensure transparency across all committee areas.
- 32 Once a set of draft budget change proposals have been prepared there will be opportunity during the January cycle of Committee meetings to give formal feedback, from each Committee, to the Corporate Policy Committee, ahead of the full Budget Council meeting in February 2025.
- 33 There are plans for a series of engagement events with wider stakeholders to gather opinion and collate ideas on the final budget for 2025/26.

### **Reasons for Recommendations**

- 34 In accordance with the Constitution, Committees play an important role in planning, monitoring and reporting on the Council's finances. Each Committee has specific financial responsibilities.
- 35 The Council's annual budget must be balanced. The proposals within it must be robust and the strategy should be supported by adequate reserves. The assessment of these criteria is supported by each Committee having the opportunity to help develop the budget and financial proposals before they are approved by Full Council.

### **Other Options Considered**

- 36 The Council has a legal duty to set a balanced annual budget taking regard of the report from the Chief Finance Officer. As such options cannot be considered that would breach this duty. Any feedback from the Committee must still recognise the requirement for Council to fulfil this duty.
- 37 There is no option to "do nothing". The Council has statutory obligations to provide certain services, which would be unaffordable if the Council failed to levy an appropriate Council Tax.

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 38 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility. Sections 25 to 29 of the

Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget and require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

- 39 The provisions of section 25 of the Local Government Act 2003, require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 40 The Council should therefore have robust processes in place so that it can meet statutory requirements and fulfil its fiduciary duty. It must ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans. Local authorities are creatures of statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.
- 41 The financial position of the Council must therefore be closely monitored, and Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings or alternative mitigations.
- 42 This report provides an update on progress for 2024/25.

#### *Section 151 Officer/Finance*

- 43 The current financial assumptions and revised timescales within this report provide up-to-date information on the Council's MTFs progress for the period 2025/26 to 2028/29, specifically aimed to setting the budget for 2025/26 which legally has to be completed by March 2025. Further details are contained within the body of this report.

#### *Policy*

- 44 The new Council Plan approved in February 2024 will drive and inform Council policy and priorities for service delivery. The priorities and actions may have direct policy implications and will be considered on a case-by-case basis.

*Equality, Diversity and Inclusion*

- 45 Under the Equality Act 2010, decision makers must show “due regard” to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation;
  - (b) Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and
  - (c) Foster good relations between those groups.
- 46 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 47 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.
- 48 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy and the Budget that 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.
- 49 The proposals within the MTFS include positive and negative impacts. A separate Equality Impact Assessment for the budget as a whole is routinely included in the full MTFS report each year.
- 50 The Council 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.

*Human Resources*

- 51 Any HR implications that arise from activities funded by the budgets that the budget report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate.

*Risk Management*

52 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2024/25 budget and the assumptions underpinning it were factored into the 2024/25 financial scenario, budget and reserves strategy.

*Rural Communities*

53 The budget report, as approved at Council on 27 February 2024, provides details of service provision across the borough.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

54 The budget report, as approved at Council on 27 February 2024, provides details of service provision across the borough.

*Public Health*

55 Public health implications that arise from activities that the budget report deals with will be dealt with as separate reports to Members or Officer Decision Records as required.

*Climate Change*

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

<b>Access to Information</b>	
Contact Officer:	Adele Taylor Interim Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:adele.taylor@cheshireeast.gov.uk">adele.taylor@cheshireeast.gov.uk</a>
Appendices:	None
Background Papers:	The following are links to key background documents:

	<p><a href="#"><u>Medium-Term Financial Strategy 2024-28</u></a></p> <p><a href="#"><u>Corporate Policy Committee 21 August 2024 - Approved Transformation Plan</u></a></p> <p><a href="#"><u>Finance Sub Committee 24 June 2024 Agenda</u></a></p> <p><a href="#"><u>Finance Sub Committee 12 September 2024 Agenda</u></a></p>
--	--

This page is intentionally left blank

OPEN

## Highways and Transport Committee (H & T)

21<sup>st</sup> November 2024

### National Parking Platform (NPP) & Mobile Payment App for parking payments

---

**Report of: Tom Moody – Director of Highways and Infrastructure**

**Report Reference No: HTC/09/24-25**

**Ward(s) Affected: ALL**

#### **Purpose of Report**

- 1 This report provides an update to Committee on the progress and opportunities that arise from development of the National Parking Platform (NPP).
- 2 The report relates to the strategic objectives of the Council's Corporate Plan 2021-25 and improvement plans as follows: -
  - (a) Ensure that there is transparency in all aspects of council decision making,
  - (b) Support a sustainable financial future for the council, through service development, improvement and transformation,
  - (c) Creating a great place for people to live, work and visit, and
  - (d) Transformation of Cheshire East Council to achieve budget efficiencies of circa £100m over the next four years.

#### **Executive Summary**

- 3 The National Parking Platform is intended to transform payment for car parking by creating a joined-up market that is simple to use.

By joining hundreds of parking sites and connecting to the apps and payment methods drivers already use, the NPP will mean:

- **Drivers** can pay with their app of choice,
  - **Parking operators** can sell their parking online more easily,
  - **Innovators** can offer better apps and smarter ways to pay, and
  - **Towns and cities** can understand parking better to help deliver local transport strategies.
- 4 The NPP started real-world trials in late 2021. In 2023, government funded a system upgrade so that from 2024 it would be ready to operate across the UK. NPP is currently live at 10 local authorities, with many more expressing interest in its development.
- 5 Cheshire East Council joined the NPP as an associate member in January 2024. Associate Membership is designed for parking providers with a current contract with a payments provider who are interested to take advantage of NPP features and have the platform ready to take full membership in future. Associate members:
- Share their parking data through the NPP (e.g., with enforcement providers, mapping apps),
  - Receive standard national location codes for parking sites,
  - Are 'ready to go' for full membership, and can move across without further technical setup, but
  - Do not handle payments through the NPP.
- 6 Members of the Council's Parking Team engage with representatives of the National Parking Platform to monitor developments. NPP remains in the pilot phase, though they are hoping to have a live platform in autumn 2024. It has been confirmed that a fee of 2p per transaction is charged by NPP, which the Council can choose to pass on to the end user, over and above any other App convenience fees.
- 7 The NPP nor the council has overall control over supplier's convenience and transactional processing charges which can differ from one supplier to another. At the moment, in the current pilot, the NPP works with Just Park, Ring Go, Pay by Phone and APCOA Pay.
- 8 Cheshire East Council is currently in contract with a supplier offering App-based payment facilities at nil cost to the council and at reasonable rates to the service user. Recent market testing and procurement of a new contract has identified best value mobile payment app vendors, without prejudice to future reliance on the NPP.

- 9 Our incumbent suppliers contract ceases (with no further extension options) in October 2024. Through procurement, a supplier has been identified who offers a comparable pricing strategy, giving the opportunity to maintain App-based payment options with no financial implications for the Council.

#### RECOMMENDATIONS

The Highways & Transport Committee is recommended to:

1. Note the contents of the report in particular the choice to retain associate membership of the National Parking Platform (NPP) until the 'platform' is fully proven and ready for wider adoption. When the NPP has a fully functional offer, the council will review the benefits of full membership.
2. Note that the parking service will complete procurement of a best value mobile payment app solution (payment option) to ensure continuity of services and offer a competitive facility to service users.
3. Note that further updates to keep Committee advised on future developments will be circulated by the Members Hub.

### Background

- 10 The Notice of Motion proposed at Full Council on 19<sup>th</sup> July 2023 that stated: -
- (a) 'This council joins the National Parking Platform (NPP) Pilot expansion project for Q2/Q3 2023, with immediate effect.
  - (b) 'That this council, in joining the NPP pilot, incorporates current NPP evidential learning and practices into any future Car Park Charging Strategy for Cheshire East.'
- A report was taken to the Highways and Transport Committee on 23<sup>rd</sup> November 2023 - the outcome of that report was that joining the NPP in its pilot phase is believed to be premature at this stage for two reasons.
  - Cheshire East Council is already under contract with a mobile payment app supplier at current zero cost to the Council until October 2024.

- The Council currently has no operational digital parking space counting machines on its 3 MSCPs (Multi Storey Car Park) although these are available on the new MSCP in Crewe.
- 11 The council has undertaken market testing with a range of suppliers of mobile payment app solutions. This was undertaken via the ESPO 509 Framework and G-Cloud. The Council has sought a solution that provides best value for money for users, including residents of the borough, that can be delivered and maintained at nil (or minimal) cost to the council.
- 12 The Council continues to engage with the on-going development of the NPP to ensure we are in a position to assess whether and when it may add value to the customer offer in Cheshire East car parks. At present, the NPP is assessed to require further development before it can reliably be adopted by local authorities. When this is successfully completed, the Council will re-evaluate the costs and benefits of the platform for both users and the Council.

### **Consultation and Engagement**

- 13 This report follows a response to a Notice of Motion at full council in Summer 2023 which was responded to at the Highways and Transport Committee in November 2023. At that meeting, committee asked to be kept updated on progress of the National Parking Platform.
- 14 No other public or stakeholder consultation has taken place at this stage.

### **Reasons for Recommendations**

- 15 Highways Committee requested an update on the NPP at the meeting in November 2023.
- 16 The current development status of the NPP means that it remains in the pilot stage, with a new version expected to be launched in autumn 2024.
- 17 The recommended approach takes account of the need to avoid any additional financial burden for the Council
- 18 It is important for service users that the Council is transparent and open in its parking charges and any associated fees, and that best value is sought.

## Other Options Considered

- 19 The Committee not noting the recommendation (resolving to do nothing),
- 20 To join the scheme in full, NPP advise it may take between 4 and 5 months to on-board the council.

This option will also incur substantial revenue charges to the Council for which there is no current budget.

- (a) The motorist would likely incur an increase in the current convenience fee dependent on the App they use. In addition, they would incur an additional 2p per transaction.
- (b) This may incentivise drivers to park elsewhere, outside of the borough's public car parks, increasing the likelihood of neighbourhood nuisance and congestion.
- (c) However, membership of the NPP would provide users with increased flexibility in their choice of payment application, with greater interoperability with other local authorities, albeit at additional cost to the user.

### 1. Options appraisal:

Option	Impact	Risk
Do nothing –	Maintain the status quo – no changes in revenue cost or fee to the end user until current supplier contract ends in October 2024.	N/A
Join NPP in full leading up to the expiration of the current mobile app contract.	4/5 month on-boarding process. Incur significant revenue costs. End user faces increased & differing (possibly variable) convenience fees.	Incur signage charges for stickers Must accept the transactional processing and service charges from the suppliers which may not be at the competitive rate of an open competition procurement exercise, but it could be passed

		<p>onto the end user. Council may have 5+ MoR's. Legal colleagues may not approve this type of procurement avoidance or contract</p>
--	--	--

## Implications and Comments

### *Monitoring Officer/Legal*

- 21 The NPP advise that the council would be required to complete a Membership Agreement which form a contract containing all legal terms. This is a rolling annual contract with exit provisions contained therein. This is outside of normal procurement procedures. <Please indicate the legal implications of this report and its recommendations/decisions here.>

### *Section 151 Officer/Finance*

- 22 In Cheshire East, the average number of transactions is 96,000 per month or 1.15million per year. Estimated transactions fees payable to NPP are circa £23,000 per annum. There is no budget for processing payment fees, delivering and maintaining a new mobile payment app solution/provider. A solution 'at nil cost to the council' must be sought.
- 23 All associated running/operational costs, should the decision be taken in the future to join NPP in full, must be passed over the end user as there is no budget for this element.

### *Policy*

- 24 The policy implications of this report and its recommendations/decisions here are relevant to delivery of the Council's priorities for delivering an transport system that is inclusive and sustainable. The recommendations are also pertinent to being an efficient and financially sustainable organisation.

### *Equality, Diversity and Inclusion*

- 25 There are no EDI (Equality, Diversity and Inclusion) implications of this report however, an extensive EIA (Equality Impact Assessment) was undertaken for the committee decision to work towards going 'cashless' for parking payments. This assessment would provide a basis for

preparing an updated EIA to inform consideration of adopting the NPP in future.

*Human Resources*

There are no HR implications.

*Risk Management*

The risk management implications include financial risks that may adversely impact the council & service budgets, that may arise from any decisions to join the NPP.

Reputational and customer service risks need to be managed should the NPP be widely adopted nationally, leading to a general expectation amongst car park users that multiple and various pay-by-phone Apps are generally available.

*Rural Communities*

There are no specific rural community implications.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

There are no specific implications.

*Public Health*

There are no specific implications for public health.

26 Climate Change

There are no implications

<b>Access to Information</b>	
Contact Officer:	Richard Hibbert Head of Strategic Transport & Parking Richard.hibbert@cheshireeast.gov.uk
Appendices:	N/A
Background Papers:	Response to NoM November 2023 <a href="https://www.cheshireeast.gov.uk">CEC (Cheshire East Council) Report Template (cheshireeast.gov.uk)</a>

**RESOLVED (unanimously):**

That the Highways and Transport Committee

1. Note the National Parking Platform pilot Project.
2. Endorse that joining the NPP in its pilot phase is believed to be premature at this stage due to the financial implications and the existing contract arrangement which expires in October 2024.
3. Note that the NPP pilot project will be monitored to explore potential future opportunities for the Council.
4. Agree to add a review of the NPP Pilot Project to the Committee Work Programme for September 2024.

National Parking Platform website:

[www.npp.org.uk](http://www.npp.org.uk)

## Highway and Transport Committee

21 November 2024

**Application MA-5-246 for an Order to add a footpath between Market Street (A6) and the Community Centre Car Park, Disley**

---

**Report of: Peter Skates, Acting Executive Director of Place**

**Report Reference No: HTC/37/24-25**

**Ward(s) Affected: Disley**

### **Purpose of Report**

- 1 This report outlines the consideration of an application, reference MA-5-246 (“the Application”) made in 2010 by the Disley Parish Council under the provisions of schedule 14 of the Wildlife and Countryside Act 1981 (the “1981 Act”). The application seeks to add a public footpath to the Definitive Map and Statement of Public Rights of Way (the “DM”). The route commences on Market Road (A6) leading to the boundary of land owned by Cheshire East Borough Council (“CEC”) and currently used as the Disley Community Centre Car Park. It is shown between points A and B on the report plan WCA/047 (Appendix 1)
2. The work of the Public Rights of Way team contributes to the Corporate Plan aim of “A thriving and sustainable place”, and the policies and objectives of the Council’s statutory Rights of Way Improvement Plan.

### **Executive Summary**

1. The investigation of the application discovered an existing Creation Agreement (“the Agreement”), dated 18 December 1985, made between the Macclesfield Borough Council and the landowners of the land shown between points A and B on the report plan WCA/047 (Appendix 1), which dedicated a footpath on the claim route. The principle of a creation agreement applies whereby the landowner retains

ownership of the land but the public are given a right to use the way, it can also be called a “dedication” of the land for public use.

2. An agreement creating public rights must also be accepted by the public, which can be demonstrated if the route is in use. The application MA-5-246 is evidence of the public using the route and therefore is proof that the creation has been accepted by the public. The creation and acceptance are considered to be a “legal event”, qualifying under Section 53(3)(a) of the 1981 Act, explained in more detail in paragraphs 8-10 below.
3. There being a duty to determine the Application, this report sets out the background of the application, the effect of the Agreement and the recommended decision on the Application claim.
4. The Agreement on its own does not modify the DM and therefore does not provide conclusive evidence of the creation of a public footpath. The Authority has a duty to make modifications to the DM as appear necessary as a consequence of a “legal event” as soon as practicable after the occurrence of an event. An administrative Modification Order is the way in which an event can be added to the DM. An administrative order is prepared under delegated powers on an annual basis.

#### RECOMMENDATIONS

The Highways & Transport Committee is recommended to:

1. Decide to refuse the Application MA-5-246 on the basis that public rights are already recognised over the route shown between points A and B on plan WCA/047
2. Decide that a “Legal Event” Modification Order be made under section 53 (2) (a) of the 1981 Act

#### **Background**

5. The Application is supported by a map showing the route claimed and 12 user evidence forms and having been duly registered the Application must be determined. The investigation includes a look at the evidence that has been examined and is referred to below and listed at Appendix 1.
6. The application route runs from between numbers 4 and 6 Market Street, Disley. From the street, the footpath runs in a south easterly direction over a sealed surface sloping south with a handrail on the west side. The path runs at a width between approximately 2.6 and 1.4

metres to the junction of the land held by the CEC and currently used as a community centre car park with permissive access.

7. There is a continuation of the application footpath from the boundary of the car park to the community centre. This runs over land held by CEC and under which runs a brook. The section of path from the junction with the footpath to the car parking area is facilitated by a sealed surface path, and railings on both sides. It is lit by street lighting and a notice refers to the regulations for the car park.

### **Legal Matters**

8. Section 53(2)(b) of the Wildlife and Countryside Act 1981 requires that the Council shall keep the Definitive Map and Statement under continuous review and make such modifications to the Map and Statement as appear requisite in consequence of the occurrence of certain events.
9. Such events comprise of the coming into operation of any enactment or instrument or any other event, whereby: "a new right of way has been created over land in the area to which the map relates being a right of way such that the land over which the right subsists is a public path."
10. A modification order has to be made and this is provided for within Section 53(2)(a) of the 1981 Act. The order would modify the DM by the events that have taken place. This is known as a "Legal Event Modification Order" ("LEMO"). A LEMO takes immediate effect because the legal event has already completed a process of public consultation. The order is purely administrative being only the means by which the DM is modified.
11. A Local Authority has the power under s25 of the Highways Act 1980 to enter into a creation agreement with any person having the capacity to dedicate a footpath, bridleway or restricted byway in its area. An Authority must consult any other authority in its area but does not need to consult the parish council. The 1980 Act requires the authority to have regards to the needs of agriculture and forestry and to conserving flora, fauna, geographical and physiographical features. The agreement may provide for compensation and may provide for limitations and conditions. Any provisions are dealt with at the time of signing the agreement.
12. The Authority must ensure that the path is created physically and must give notice in at least one local newspaper. The path automatically becomes maintainable at public expense. With regard to the Disley Agreement, the footpath has been made up and has been in regular use.

13. With regard to the status of the connecting land, in the ownership of CEC, there is public entitlement to use the land crossed from the footpath to the area where cars are parked, amounting to implied license. There appears to be no contradictory evidence that the public would use this path “by right” and would not therefore qualify for a statutory path “as of right”. This path did not form part of the Application, but a question has been raised during consultation about the status of the connecting path which needed an explanation.
14. The Agreement describes the path that is to be created. At the date on which the Agreement was entered into on 18 December 1985, the land adjacent to 6 Market Street was in shared ownership. The owners entered into an agreement with the Macclesfield Borough Council under powers of section 25 of the Highways Act 1980 for a dedication of land in order to create a public footpath.
15. The making up of the path with flags and the ongoing maintenance was covenanted to be carried out by the Council.

#### Photographs of the Location

16. A site visit was made in September 2024 and images from that visit can be found at Appendix 2.

#### **Consultation and Engagement**

17. The Disley Parish Council was consulted on the provision provided for in the Agreement. They subsequently raised a query over the connecting path from the junction with the footpath and the car park which status is discussed at paragraph 13 above. As the Application is not necessary to prove public rights established by the Agreement, a general consultation was not required.

#### **Reasons for Recommendation**

18. Under Section 53 of the 1981 Act, the Council has a duty as the Surveying Authority to keep the DM under continuous review. Section 53 (2) allows for an authority to act on the “discovery of evidence” that suggests that the DM needs to be amended. The authority must investigate and determine that evidence and decide on the outcome whether to make a DMMO or not.
19. The Council discovered the Agreement which resolved the issue of the status of the path claimed in the Application to be a public footpath. An administrative procedure will add the footpath to the DM and therefore prove conclusively the rights of the public. There is no further requirement to investigate the application. The Application, however, has to be determined as required by the regulations.

20. The work of the Public Rights of Way team contributes to the Green aim of the Corporate Plan, the “thriving and sustainable place” priority, and the policies and objectives of the Council’s statutory Rights of Way Improvement Plan.

### **Other Options Considered**

21. If the authority was to do nothing it would not comply with Section 53 of the Wildlife and Countryside Act 1981, which requires the Council to keep the Definitive Map and Statement under continuous review and make such modifications to the Map and Statement as required

### **Implications and Comments**

#### Monitoring Officer/Legal

22. The legal implications in relation to highways law are set out in the Legal matters section of this report (paragraph 8-14).
23. The Human Rights Act is also of relevance. Whilst article 1 to the first protocol (peaceful enjoyment of property) and article 8 (right to respect for family, private life and home) are engaged, it is important to note that these rights are qualified, not absolute, which means that they can be interfered with in so far as such interference is in accordance with domestic law and is necessary in a democratic society for the protection of the rights and freedoms of others. It is considered that any interference occasioned by the making of a Modification Order is both in accordance with domestic law (the Wildlife and Countryside Act 1981) and is in the public interest as it is necessary in a democratic society for the protection of the rights and freedoms of others, namely the public who wish to use the way.
24. Should Members resolve that a Modification Order be made in accordance with highways legislation, this is merely the start of the legal process. Once a Modification Order is made, it must be publicised, and any person will have an opportunity to formally object to it. Should objections be received, the Modification Order would have to be referred to the Secretary of State who may hold a Public Inquiry before deciding upon whether or not to confirm the Modification Order.
25. Please note that the Council will not disclose the user evidence forms that form part of the background documentation at this stage in the process. The Council considers that the information provided within the user evidence documentation is exempt information under s1&2 Schedule 12A Local Government Act 1972, as amended.
26. Under the Wildlife and Countryside Act 1981, there is no such statutory right prior to an Order having been made - persons affected are entitled

to the information in the event that an Order is made following the Committee decision.

27. Once an Order is made it may be the subject of objections (not the administrative order referred to above). If objections are not withdrawn, this removes the power of the Local Authority to confirm the Order itself, and may lead to a hearing or Public Inquiry. It follows that the Committee decision may be confirmed or not confirmed. This process may involve additional legal support and resources.

Section 151 Officer/Finance

28. If objections to an Order lead to a subsequent hearing/inquiry, the Council would be responsible for any costs involved in the preparation and conducting of such. The maintenance of the Public Right of Way, if added to the Definitive Map and Statement, would fall to the landowner and Council in line with legislation. The associated costs would be borne within existing Public Rights of Way revenue and capital budgets.

Policy

29. The work of the Public Rights of Way team contributes to the Vision of the Corporate Plan of a greener Cheshire East, with the aim of “a thriving and sustainable place”, and the policies and objectives of the Council’s statutory Rights of Way Improvement Plan.

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

**Aim - 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 2027

Equality and Diversity and Inclusion

30. The legal tests under section 53 of the Wildlife & Countryside Act 1981 do not include an assessment of the effects under the Equality Act 2010.

Human Resources

31. There are no direct implications for Human Resources

Risk Management

32. There are no direct implications for risk Management

Rural Communities

33. There are no direct implications for Rural Communities

Children and Young People including Cared for Children care leavers and children with special educational needs (SEND)

34. There are no direct implications for Children and Young People

Public Health

35. The recommendations are anticipated to offer a positive overall impact on the health and wellbeing of Cheshire East residents.

Climate Change

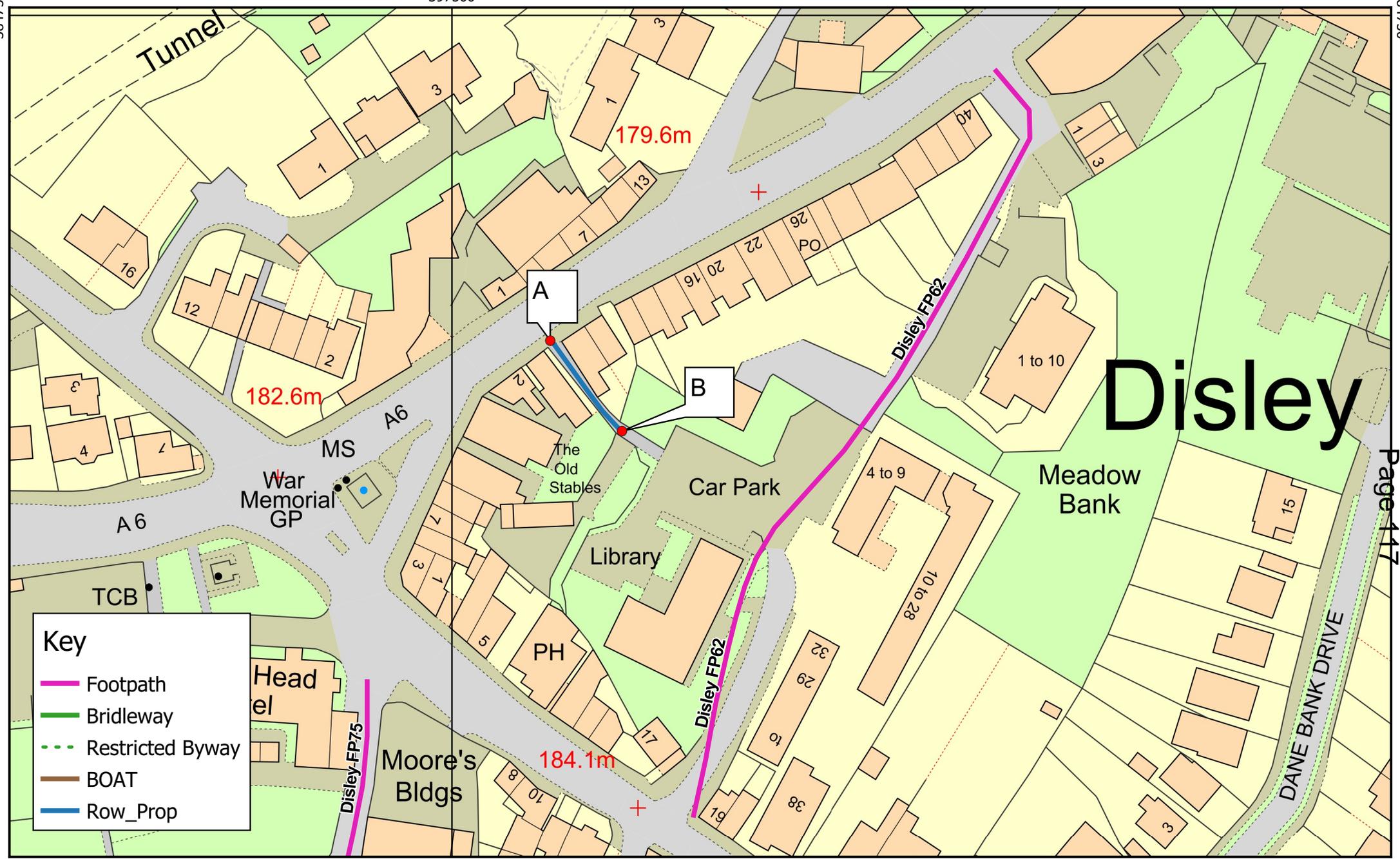
36. The recommendations will help the Council to reduce its carbon footprint and achieve environmental sustainability by reducing energy consumption and promoting healthy lifestyles.

<b>Access to Information</b>	
Contact Officer:	Adele Mayer <a href="mailto:Adele.mayer@cheshireeast.gov.uk">Adele.mayer@cheshireeast.gov.uk</a>
Appendices:	Plan No. WCA/047 Images from site visit September 2024
Background Papers:	File MA-5-246 Disley Ordnance Survey Map SJ 98SE 1954 6":1mile Memorandum of Agreement between Macclesfield Borough Council and the landowners 18 December 1985

This page is intentionally left blank

Tunnel

# Disley



**Key**

- Footpath
- Bridleway
- - - Restricted Byway
- BOAT
- Row\_Prop



1:1000

Application MA 5-246 Addition of Footpath between Market Street and Community Car Park, Disley

Plan No.  
WCA/047

This is a working copy of the definitive map and should not be used for legal purposes

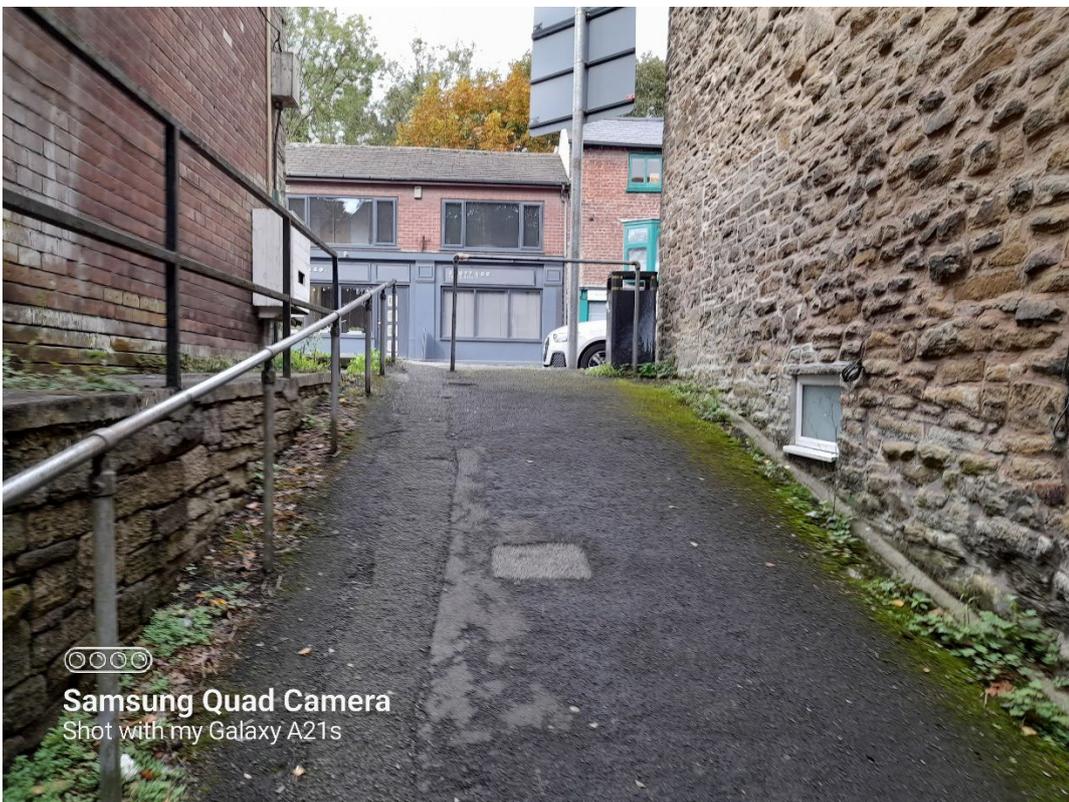


This page is intentionally left blank

**Appendix 2**

MA-5-246 Application to add a footpath between Market Street and the community centre car park, Disley. Site Visit 25 September 2024

Google image streetview 2016 junction at Market Street (A6)





wooden fencing denotes the junction between private land and CEC land



## **Highway and Transport Committee**

**21<sup>st</sup> November 2024**

### **Proposed Diversion of Public Footpath No.7 (part) in the Parish of Buerton**

---

**Report of: Peter Skates, Acting Executive Director of Place**

**Report Reference No: HTC/38/24-25**

**Ward Affected: Audlem**

#### **Purpose of Report**

1. The report outlines the investigation to divert part of Public Footpath No. 7 (part) in the Parish of Buerton.
2. The report makes a recommendation based on that information, for a quasi-judicial decision by Members as to whether or not a diversion Order should be made for that section of public footpath.
3. The work of the Public Rights of Way team contributes to the Corporate Plan aim of “A thriving and sustainable place”, and the policies and objectives of the Council’s statutory Rights of Way Improvement Plan.

#### **Executive Summary**

4. This report outlines the investigation to divert part of Public Footpath No. 7 (part) in the Parish of Buerton. This includes a discussion of the consultations carried out in respect of the proposal and the legal tests to be considered for a diversion Order to be made under the Highways Act 1980.
5. The recommendation will be that a Public Path Diversion Order be made under Section 119 of the Highways Act 1980, as amended by the Wildlife and Countryside Act 1981, to divert part of Public Footpath No.7 (part) in the Parish of Buerton by creating a new section of public footpath and extinguishing the current path as illustrated on plan no. HA/155 on the grounds that it is expedient in the interests of the public.

## RECOMMENDATIONS

The Highways & Transport Committee is recommended to:

1. Decide that a Public Path Diversion Order be made under Section 119 of the Highways Act 1980, to divert part of Public Footpath No.7 in the Parish of Buerton as illustrated on plan no. HA/155 on the grounds that it is expedient in the interests of the public.
2. Decide that public notice of the making of the Order be given and in the event of there being no objections within the period specified, the Order be confirmed in the exercise of the powers conferred on the Council by the said Act.
3. Note that in the event of objections being received, Cheshire East Borough Council be responsible for the conduct of any hearing or Public Inquiry.

## Background

6. The route of Buerton Footpath No.7 runs in a generally south-easterly direction from its junction with Windmill Lane, Buerton, for approximately 458 metres, to a track where it meets Buerton Footpath No.29.
7. Referring to the attached plan no. HA/155 part of Buerton Footpath No.7, which runs through the garden of Brook Cottage alongside a stream between points A-B, has suffered erosion in recent years and the footpath no longer physically exists. This represents a loss to the overall public right of way network. Knowledge of the extent of the erosion came to the attention of Cheshire East Council as a result of a routine survey of the Public Rights of Way network by the local Ramblers Association.
8. To resolve this situation, the proposal is to divert this part of Buerton Footpath No.7 through an adjacent field, outside the boundary of the garden of Brook Cottage onto neighbouring land. The proposed diversion route would make the footpath available again for public use. This proposal was reached, by council officers from the public rights of way team, proactively engaging with Buerton parish council, local residents and the landowners of the field along the proposed diversion, to reach an agreed solution.
9. Referring to the attached plan no. HA/155 the proposed diversion would follow the route between points A-C-D for a total distance of 94 metres starting at point A, and running in a generally east, south easterly direction to point C, and then in a generally south, south easterly direction to terminate at its junction with Buerton Footpath No.29, at point D after passing through a metal kissing gate. This route is currently a permissive path, with metal kissing gates installed.

10. It is believed that the proposal is in the interests of the public as it would make the footpath available again.

### **Consultation and Engagement**

11. The Ward Member, Buerton Parish Council, the user groups, statutory undertakers, and the Council's Nature Conservation Officer have been consulted and have raised no objections.
12. The inspector for the Peak and Northern Footpath Society, after conducting a site visit, commented, "The permissive path is well established and well used. As stated in the consultation letter, there is a metal kissing gate at point D and a direction sign pointing to it approaching point A from the north along FP7. In view of the obvious erosion of the land along the current definitive line (A-B) and that the route is impassable, coupled with the well-established permissive path forming the proposed route, there are no objections to this proposed diversion."

### **Reasons for Recommendations**

13. In accordance with Section 119(1) of the Highways Act 1980 it is within the Council's discretion to make the Order if it appears to the Council to be expedient to do so in the interests of the public or of the owner, lessee or occupier of the land crossed by the path. It is considered that the proposed diversion is in the interests of the public.
14. The work of the Public Rights of Way team contributes to the Green aim of the Corporate Plan, the "thriving and sustainable place" priority, and the policies and objectives of the Council's statutory Rights of Way Improvement Plan.
15. The work of the Public Rights of Way team contributes to the Corporate Plan priority "A thriving and sustainable place", and the policies and objectives of the Council's statutory Rights of Way Improvement Plan.

### **Other Options Considered**

16. If the authority was to do nothing this would result in a net loss to the Public Right of Way network, due to the already eroded section of Buerton Footpath 7 as detailed above.

## Implications and Comments

### *Monitoring Officer/Legal*

17. Once an Order is made it may be the subject of objections. If objections are not withdrawn, this removes the power of the Local Authority to confirm the Order itself, and may lead to a hearing or Public Inquiry. It follows that the Committee decision may be confirmed or not confirmed. This process may involve additional legal support and resources.

### *Section 151 Officer/Finance*

18. If objections to an Order lead to a subsequent hearing/inquiry, the Council would be responsible for any costs involved in the preparation and conducting of such. The maintenance of the Public Right of Way would continue to be the responsibility of the landowner and Council in line with legislation. The associated costs would be borne within existing Public Rights of Way revenue and capital budgets.

### *Policy*

17. The work of the Public Rights of Way team contributes to the Vision of the Corporate Plan of a greener Cheshire East, with the aim of “a thriving and sustainable place”, and the policies and objectives of the Council’s statutory Rights of Way Improvement Plan.

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

**Aim - 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 2027

### *Equality, Diversity and Inclusion*

18. An assessment in relation to the Equality Act 2010 has been carried out by the Public Rights of Way Network Management and Enforcement

Officer for the area and it is considered that the proposed diversion would be no less convenient to use than the current one.

*Human Resources*

- a. There are no direct implications for Human Resources.

*Risk Management*

- b. There are no direct implications for risk management.

*Rural Communities*

- c. There are no direct implications for Rural Communities.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- d. There are no direct implications for Children and Young People

*Public Health*

- e. The recommendations are anticipated to offer a positive overall impact on the health and wellbeing of Cheshire East residents.

*Climate Change*

- f. The recommendations will help the Council to reduce its carbon footprint and achieve environmental sustainability by reducing energy consumption and promoting healthy lifestyles.

<b>Access to Information</b>	
Contact Officer:	Mark Greenhough-Public Path Orders Officer <a href="mailto:mark.greenhough@cheshireeast.gov.uk">mark.greenhough@cheshireeast.gov.uk</a>
Appendices:	Plan No. HA/155
Background Papers:	N/A

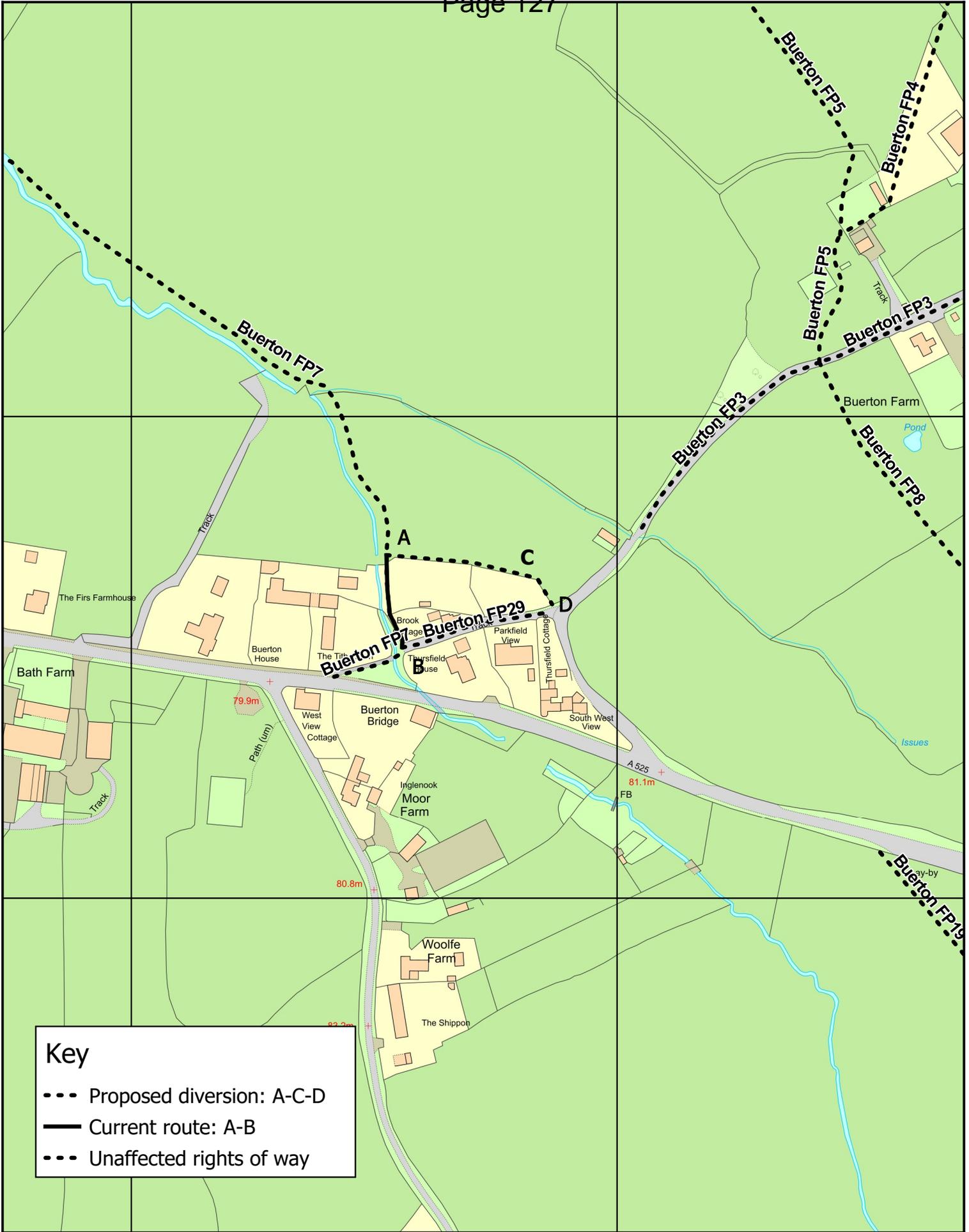
This page is intentionally left blank

343500

343250

343500

343250



**Key**

- - - Proposed diversion: A-C-D
- Current route: A-B
- - - Unaffected rights of way



1:2500

368750

369000

Buerton FP7: Proposed diversion

Plan No. HA/155



This page is intentionally left blank

## Highways & Transport work Programme 2024 - 25

Highways & Transport Committee	Report Reference	Title	Purpose of Report	Corporate Plan Priority	Lead Officer	Exempt Item	Consultation	Equality Impact Assessment	Part of Budget and Policy Framework	Is the report for decision or scrutiny?
January 25										
23/01/25	HTC/09/23-24	Tree Planting and Verge Maintenance (Nature Based Approach) Policy	To seek approval for highways to adopt a tree planting and verge maintenance policy to allow its implementation from 2024/25 onwards.	Open;#Green	Executive Director of Place	No	Yes	No	Yes	Decision
23/01/25	HTC/14/24-25	Application to approve a Lane Rental Scheme	To outline the process required to develop a Lane Rental Scheme and to consider implementation of the scheme	Open	Executive Director of Place	TBC	No	Yes	No	Decision
23/01/25	HTC/21/24-25	Third Financial Review of 2024/25 (Highways & Transport Committee)	To note and comment on the Third Financial Review and Performance position of 2024/25, and (if necessary) approve Supplementary Estimates and Virements.	Open	Director of Finance & Customer Services	No	No	No	Yes	Scrutiny/Decision

## Highways & Transport work Programme 2024 - 25

23/01/25	HTC/24/24-25	Medium Term Financial Strategy Consultation 2025/26 - 2028/29 Provisional Settlement Update (Highways & Transport Committee)	To provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in March 2024.	Open	Director of Finance & Customer Services	No	No	No	Yes	
23/01/25	HTC/39/24-25	Highways Service Contract Improvement Action Plan	The Council commissioned an independent external peer review in 2024 to inform its decision regarding the potential exercise of the break clause in its Highway Service Contract. On 19 July 2024, this committee received the report on the peer review and approved that the break clause was not exercised. The committee delegated responsibility to the Director of Transportation	Fair	Executive Director of Place	No	No	No	No	Decision

## Highways & Transport work Programme 2024 - 25

			and Infrastructure develop and implement a plan to respond to the findings of the peer review. This report details the Improvement Action Plan.							
23/01/25	HTC/40/24-25	Local Transport Plan - Vision and Objectives	The report presents the work undertaken so far in refreshing the Local Transport Plan for Cheshire East. The committee are asked to note the findings of the updated evidence base, comment on the draft vision and objectives, and approve the proposal to launch a consultation on the draft vision and objectives, which will set the strategic framework for transport in the coming years.	Open	Executive Director of Place	No	Yes	Yes	No	Decision

## Highways & Transport work Programme 2024 - 25

23/01/25	HTC/41/24-25	Middlewich Eastern Bypass - Authority to Enter into Construction Contract	To authorise entering into Part 2 (construction) of a SCAPE framework contract for the construction of the Middlewich Eastern Bypass following a positive funding decision from the Department for Transport.	Green	Executive Director of Place	Yes	TBC	No	Yes	Decision
<b>April 25</b>										
03/04/25	HTC/23/24-25	Service Budgets 2025/26 (Highways & Transport Committee)	The purpose of this report is to set out the allocation of approved budgets for 2025/26 for services under the Committee's remit, as determined by Finance Sub Committee	Open	Director of Finance & Customer Services	No	No	No	Yes	Scrutiny/Decision
03/04/25	HTC/42/24-25	Greater Bollin Trail and A556 Bowden Active Travel Link	To confirm the preferred corridor and strategy for the Greater Bollin Trail and recommend a preferred option for a Active Travel Link between	Green	Executive Director of Place	No	No	No	No	Decision

# Highways & Transport work Programme 2024 - 25

			Bowden and Altrincham.							
--	--	--	------------------------	--	--	--	--	--	--	--

This page is intentionally left blank