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Corporate Policy Committee

Agenda

Date:	**Thursday, 9th February, 2023**
Time:	**10.00 am**
Venue:	**Committee Suite 1, 2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ**

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 top 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 and non-pecuniary interests in any item on the agenda.

3. **Minutes of Previous Meeting** (Pages 5 - 12)

To approve as a correct record the minutes of the meeting held on 1st December 2022.

4. **Public Speaking/Open Session**

In accordance with paragraph 2.24 of the 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 to speak; 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.

Contact: Paul Mountford, Democratic Services
Tel: 01270 686472
E-Mail: paul.mountford@cheshireeast.gov.uk

5. **Medium-Term Financial Strategy 2023-27 Consultation on the Responsibilities Covered by the Corporate Policy Committee** (Pages 13 - 36)

To consider a report which seeks feedback from the Committee, as a consultee, on the development of the Cheshire East Medium-Term Financial Strategy 2023/24 to 2026/27 in relation to the Committee's responsibilities.

6. **Notice of Motion - LGA Campaign: 'Save Local Services'** (Pages 37 - 44)

To consider a report in response to a Notice of Motion relating to the Local Government Association's 'Save Local Services' campaign.

7. **Media Relations Protocol** (Pages 45 - 60)

To consider a report which presents an updated media relations protocol for Cheshire East Council.

8. **Pay Policy Statement 2023/24** (Pages 61 - 76)

To consider a report which outlines the changes to the Pay Policy Statement for 2023/24.

9. **Appointment of New Member to the Independent School Admission Appeals Panel** (Pages 77 - 80)

To consider a report on the appointment of one individual to become a member of the Independent School Admission Appeals Panel.

10. **Medium-Term Financial Strategy 2023-27** (Pages 81 - 530)

To consider a report which presents the Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2023/24 to 2026/27.

11. **Work Programme** (Pages 531 - 534)

To consider the Work Programme and determine any required amendments.

12. **Minutes of Sub-Committees** (Pages 535 - 548)

To receive the minutes of the following sub-committee meetings:
Finance Sub-Committee - 9th November 2022
Finance Sub-Committee - 19th January 2023

13. **The Future Model for ICT: Shared Service Review** (Pages 549 - 590)

To consider a report on a review of the arrangements for ICT between Cheshire East and Cheshire West and Chester Councils.

Appendix 5 to the report contains exempt information and will be considered in Part 2 of the agenda.

14. **Exclusion of the Press and Public**

The report relating to the remaining item on the agenda has been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matter may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

PART 2 – MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT

15. **The Future Model for ICT: Shared Service Review** (Pages 591 - 594)

To consider Appendix 5 to the report.

Membership: Councillors C Browne, D Brown, J Clowes, S Corcoran (Chair), JP Findlow, K Flavell, N Mannion, A Martin, J Rhodes, J Saunders, A Stott (Vice-Chair), M Warren and P Williams

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Policy Committee**
held on Thursday, 1st December, 2022 in the Committee Suite 1, 2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor S Corcoran (Chair)
Councillor A Stott (Vice-Chair)

Councillors D Brown, C Browne, J Clowes, J P Findlow, K Flavell, N Mannion, A Martin, J Rhodes, J Saunders, M Warren and P Williams

Officers in attendance
Lorraine O'Donnell, Chief Executive
Jane Burns, Executive Director of Corporate Services
David Brown, Director of Governance and Compliance
Alex Thompson, Director of Finance and Customer Services
Sarah Bullock, Director of Policy and Change
Josie Griffiths, Head of Audit and Risk
Michael Moore, Head of Communications
David Malcolm, Head of Planning
Abigail Rushton, Senior Manager – Workforce Development
Paul Mountford, Democratic Services

The Chair welcomed Councillors David Brown and Jos Saunders who had recently been appointed to the Committee in place of Councillors Stewart Gardiner and Kate Parkinson.

44 DECLARATIONS OF INTEREST

There were no declarations of interest.

45 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 6th October 2022 be approved as a correct record.

46 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

47 HIGH SPEED RAIL 2 PHASE 2B - QUALIFYING AUTHORITY AND SCHEDULE 17 DECISION-MAKING

The Committee considered a report which sought to consult the Committee prior to a decision being made by full Council on whether the

Council should become a Qualifying Authority for the construction of phase 2b of the High Speed Rail 2 (HS2).

The proposed approach would enable the Council to have greater control over the approval of construction details associated with the High Speed Rail scheme. This was necessary to ensure that the impacts of the developments on the local environment and local amenity were fully considered and addressed in line with the approach of the Cheshire East Council Local Plan Strategy.

The decision to become a Qualifying Authority would require changes to the Constitution which had to be approved by full Council. The proposed changes were set out in Annex 1 to the report.

RESOLVED (unanimously)

That it be recommended to Council that the Council become a Qualifying Authority for the construction of phase 2b of the High Speed Rail 2 (HS2) as set out in the report and that the Constitution be amended accordingly as set out in Annex 1 to the report.

48 **COMMUNICATIONS STRATEGY FOR RESIDENTS 2022-25**

The Committee considered a proposed Communications Strategy for Residents 2022-25 following public consultation on the draft strategy.

The response to the consultation had been largely supportive of the draft strategy, as presented to the committee in July. The strategy had been updated as a direct result of feedback provided through the consultation.

In response to a question about whether the Council had a policy of acknowledging communications, the Chief Executive referred to the recently-adopted Customer Services Charter which set out standards for responding to communications from the public.

RESOLVED (unanimously)

That the Committee

1. approves the final Communications Strategy for Residents 2022-25; and

2. notes that further updates will be provided to the Committee on progress against the aims of the Strategy on a six-monthly basis.

49 **CONSULTATION AND ENGAGEMENT**

The Committee considered a report on progress with the delivery of a co-ordinated and collaborative approach to consultation and engagement, since the previous report in July 2022.

It was noted that the final report on the recommendations of the Cheshire East Citizens' Panel would be presented to members in the near future.

Members commented on the need to avoid digital exclusion of older people.

Officers undertook to ensure that the contact details of those parish councils that were not members of ChalC had been forwarded to Jackie Weaver who was overseeing meetings of the new Town and Parish Council Network this year.

RESOLVED

That the Committee

1. notes the Cheshire East Council Consultation and Engagement toolkit (Appendix 1 to the report);

2. notes the programme of consultation and engagement activities planned for the remainder of 2022/23 (Appendix 2); and

3. notes the development of the new Town and Parish Council network.

50 **WORKFORCE STRATEGY 2021-2025 - PROGRESS UPDATE**

The Committee considered a report on progress with the delivery of Cheshire East Council's Workforce Strategy 2021-2025; an update on the Mutually Agreed Resignation Scheme (MARS); and a review of the programme of activities supporting organisational culture.

It was noted that the take-up of new apprenticeships had begun to recover post pandemic and that with anticipated new starts already in place for quarters three and four, the Council should come close to reaching its target.

Officers undertook to provide details of the retention figures for apprenticeships.

RESOLVED (unanimously)

That the Committee

1. notes the progress in delivering the Workforce Strategy, and the programme of activities to support organisational change; and

2. agrees to receive further updates every six months to monitor progress.

51 **EQUALITY, DIVERSITY AND INCLUSION - ANNUAL REVIEW**

The Committee considered a report on progress with the delivery of the Equality, Diversity, and Inclusion Strategy 2021-2025.

In response to questions asked by the Chair on behalf of Councillor M Houston, the Council's Equality, Diversity and Inclusion Champion, officers advised that:

- The members of the People's Panel had been selected according to an algorithm to ensure that they reflected the Borough's population.
- The recruitment and retention group was focussing on key vacancy areas and how the Council could recruit and retain staff. Feedback was being provided by new recruits on the retention process and work experience.

RESOLVED

That the Committee notes the progress in delivering the Equality, Diversity and Inclusion Strategy.

52 **FINANCIAL REVIEW UPDATE 2022/23**

The Committee considered a report which provided an updated overview of the Cheshire East Council forecast outturn for the financial year 2022/23.

Members were asked to note the serious financial challenges being experienced by the Council due to inflation and rising demand for services which were increasingly complex. The report outlined the measures required to mitigate pressures on spending. Annex 1 to the report provided information on the overall financial stability and resilience of the Council.

The Director of Finance and Customer Services undertook to provide a written response providing further information on how the Ukraine Grant had been used.

In response to whether the Autumn Statement had made a positive or negative impact on the Council's financial position, the Chair referred to a recent survey of local authority chief executives which indicated that a majority felt that the measures announced had made their council's financial position worse. The Director of Finance and Customer Services added that the Autumn Statement had announced spending increases below inflation and that this would have a negative impact on services.

RESOLVED (unanimously)

That the Committee

1. notes the forecast adverse Net Revenue financial pressure of £8.7m against a revised budget of £328.4m (2.7%), and recognises that this

presents marginal change to the position reported at Quarter One, reflecting the difficulties to mitigate the financial pressures faced by the Council;

2. notes the forecast Capital Spending of £179.6m against an approved MTFS budget £185.2m due to slippage carried forward from the previous year;

3. notes the significant level of activities outlined in each ‘Action Plan’ contained in Annex 1 (Appendices 1 to 7);

4. notes the contents of Annex 1 and each of the appendices, and notes that any financial mitigation decisions requiring member approval will be presented to the appropriate Committee;

5. recommends to Service Committees to:

   (a) note the financial update and forecast outturn relevant to their terms of reference;

   (b) note the overview of financial circumstances affecting Directorate budgets provided at 6.8 of this report; and

   (c) review the action plans which seek to improve the financial outturn across all Committees to mitigate the overall forecast overspend of the Council.

53 **PERFORMANCE REPORT - QUARTER 2 2022/23**

The Committee considered a report which provided an oversight of organisational performance for the second quarter of 2022/23 against the priorities in the Council’s Corporate Plan 2021-25.

Officers undertook to provide a written response to provide a breakdown of the figures relating to child poverty in Cheshire East.

RESOLVED

That the Committee notes the performance against Q2 of 2022/23 of delivery of the Corporate Plan.

54 **STRATEGIC RISK REGISTER ASSURANCE REPORT Q2 2022/23**

The Committee considered an update on the activity of the Council’s Strategic Risk Register for Quarter 2 (July – September) 2022/23.

Members noted the number of risks which, even after mitigation, remained in the highest risk category.

RESOLVED

That the Committee notes the position of the Strategic Risk Register for Quarter 2 2022/23.

55 **HEALTH AND SAFETY UPDATE 2022/23**

The Committee considered a report which provided a summary of accident and information data for the Council and maintained schools for the first two quarters of 2022/23 and comparative data for the same periods in the last three years.

RESOLVED

That the Committee notes the report.

56 **DOMESTIC TAXBASE 2023/24**

The Committee considered a report which set out the council tax base calculation 2023/24 for recommendation to Council in December 2022.

It was noted that there was no new homes bonus for this year.

It was also confirmed that council tax premiums on properties that had been empty for two years or more had been set at the maximum level allowed.

RESOLVED (unanimously)

That

1. it be recommended to Council that:

   In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount to be calculated by Cheshire East Council as its council tax base for the year 2023/24 is 158,778.54 for the whole area; and

2. the Committee notes that the Council Tax Support scheme is agreed for 2023/24 as unchanged other than the increases in line with CPI as agreed in the last consultation and Council decision last year.

57 **WORK PROGRAMME**

The Committee received an update on its work programme for 2022/23.

RESOLVED

That the work programme be noted.

58 **MINUTES OF SUB-COMMITTEES**

RESOLVED

That the minutes of the following sub-committee meetings be received:

General Appeals Sub-Committee - 23rd August 2022
General Appeals Sub-Committee - 20th September 2022
General Appeals Sub-Committee - 11th October 2022
General Appeals Sub-Committee - 8th November 2022

The meeting commenced at 10.00 am and concluded at 12.18 pm

Councillor S Corcoran (Chair)

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Cheshire East Council

Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	9th February 2023
Report Title:	Medium-Term Financial Strategy 2023-27 Consultation on the Responsibilities Covered by the Corporate Policy Committee
Report of:	Alex Thompson – Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	CP/32/22-23
Ward(s) Affected:	All

1. Purpose of Report

1.1. The Corporate Policy Committee is being asked to provide feedback, as consultees, on the development of the Cheshire East Medium-Term Financial Strategy 2023/24 to 2026/27. Feedback is requested in relation to the responsibilities of the Committee, primarily those in the Corporate Services Directorate.

1.2. The Medium-Term Financial Strategy (MTFS) sets out how the Council will resource the achievement of the Corporate Plan and is subject to consultation and approval on an annual basis.

1.3. Developing the strategy requires a wide range of stakeholder engagement, including all Members. Feedback is covered in a separate report on this agenda. Following consideration, a balanced budget will be presented to the full Council meeting of 22 February 2023 for final review and approval.

1.4. The full consultation document can be accessed on the Cheshire East Council website.

2. Executive Summary

2.1. 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.

2.2. In February 2021 the Council approved the Corporate Plan 2021-2025 which articulates the vision of how these services will make Cheshire East an Open, Fair and Green borough:

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

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

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

2.3. Committees are responsible for overseeing the achievement of these priorities. Resources, including Revenue, Capital and Reserves were allocated by the Finance Sub-Committee in March 2022, following the budget Council. All resources are allocated to a specific Service Committee or the Finance Sub-Committee.

2.4. Each Committee plays an important role in developing the Strategy before it is approved by Council on 22 February 2023.

2.5. The full MTFS is provided on this Committee’s agenda. The public consultation closed at the end of January, but this Committee is receiving an extract from the Full MTFS to assist with focusing on the Constitutional responsibilities of the Committee.

2.6. The Corporate Policy Committee has a dual role (i) the committee with specific responsibilities for the Corporate Services Directorate and (ii) overall responsibility for the MTFS and budget processes. This report focuses on the first aspect. A separate report, elsewhere on the agenda covers the second aspect.

3. Recommendations

3.1. That the Committee notes:

3.1.1. The year-end forecast outturn position for 2022/23 (**Appendix 1**).

3.1.2. The financial context and proposals contained within the Executive Summary of the Medium-Term Financial Strategy (**MTFS report Annex C, Section 1**).

3.1.3. Revenue Grant Funding (**Appendix 4**).

3.1.4. Earmarked Reserves (**Appendix 5**).

Note: The reserve table in the appendix has been updated during the consultation period, to ensure it presents a position that aligns with the agenda item on the MTFS.

3.2. That the Committee provides feedback on the proposals within the MTFS, as related to the Committee’s responsibilities, that can support and advise Full Council in fulfilling its responsibilities to approve a balanced budget for 2023/24, in the following areas:

3.2.1. Revenue Proposals (Details are at **Appendix 2**).

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets
	Corporate Policy Committee
46	Pay inflation
47	**Shared Services Review – move to hybrid model ***
48	Revenue implications of capital: IT Procurements and Application Lifecycle Management
49	Infrastructure Investment Programme
50	Accelerate digital transformation / robotics and related Digital Savings
51	Mitigation of reduction in the Dedicated Schools Grant
52	Remove Commercial Workstream Income Target
53	Coroners Restructure Costs
54	Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels
55	Pension Costs Adjustment
56	ICT Operational efficiencies
57	Reduce cost of democracy
58	Elections Act 2022 additional costs (funded by New Burdens grant funding)
59	Elections Act 2022 additional costs (funded by New Burdens grant funding)
60	Revenue implications of capital: Vendor Management Phase 3 to drive improvements in procurement
61	Brighter Futures Together Programme Customer Experience
62	Across the board efficiencies, including procurement and income generation
63	Review of leadership and management, including MARS and redefine 'core offer’

*****Subject of a separate report elsewhere on this agenda.

Note: Proposals in bold type have been updated during the consultation period, to ensure they present a position that aligns with the agenda item on the MTFS.

3.2.2. Capital Programme (**Appendix 3**).

4. Reasons for Recommendations

4.1. 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.

4.2. 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 financial proposals before they are approved by Full Council.

5. Other Options Considered

5.1. 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.

5.2. 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.

6. Background

6.1. 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.

6.2. 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.

6.3. All councils are legally required to set a balanced budget each year.

6.4. The Budget Setting Process 2023-2027 enabled a set of proposals to be developed for consultation.

6.5. The MTFS report is based on the Provisional Local Government Finance Settlement for 2023/24. This was released on 19 December 2022. The final settlement is expected in early February 2023 with a debate by Members of Parliament in the House of Commons expected in mid-February (after the publication date of this report to Committee) to agree the position.

6.6. The MTFS report continues to include estimated grant allocations in relation to several Specific Grants (**Appendix C, Annex 7 and** Committee specific at **Appendix 4** of this report). These will be refined as appropriate in due course.

6.7. Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 22 February 2023.

7. Consultation and Engagement

7.1. The business planning process involved a series of events during 2022. Details of how this process was managed is included within the **MTFS report Appendix C, Annex 2**.

8. Implications

8.1. Legal

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

8.2. Finance

8.2.1. Please see all Sections of this report.

8.3. Policy

8.3.1. The MTFS report outlines policy and budget proposals which will impact on service delivery arrangements.

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

8.4. Equality

8.4.1. Under the Equality Act 2010, decision makers must show ‘due regard’ to the need to:

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

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

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

8.4.4. 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.

8.4.5. The proposals within the MTFS include positive and negative impacts. A separate Equality Impact Assessment has been produced and is included in **Appendix C, Annex 3**.

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

8.5. Human Resources

8.5.1. A number of the proposals will impact on staff. See **MTFS report Appendix C, Section 1** for full list of change proposals.

8.6. Risk Management

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

- The Council must set a balanced Budget.
- Setting the Council Tax for 2023/24 must follow a compliant process.
- The Council should provide high quality evidence to support submissions for external assessment.
- That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

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

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

8.6.4. See **MTFS report Appendix C, Annex 4** for further information.

8.7. Rural Communities

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

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

8.8. Children and Young People/Cared for Children

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

8.8.2. See **MTFS report Appendix C, Section 1**.

8.9. Public Health

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

8.9.2. See **MTFS report Appendix C, Section 1**.

8.10. Climate Change

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

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

8.10.3. Also see **MTFS report Appendix C, Annex 3** for further information.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer)

	Email: alex.thompson@cheshireeast.gov.uk
Appendices:	Appendix 1 – Forecast Outturn 2022/23 Appendix 2 – Revenue Budget Changes for the Period 2023/24 to 2026/27 Appendix 3 – Capital Programme 2023/24 to 2026/27 Appendix 4 – Revenue Grant Funding Appendix 5 – Earmarked Reserves
Background Papers:	Outturn Report 2021/22 (Finance Sub Committee Meeting) Medium-Term Financial Strategy 2022-26 First Financial Review (Corporate Policy Meeting) Financial Review 2022/23 (Finance Sub-Committee Financial Update 2022/23 (Corporate Policy Meeting) Council 14 December 2022: Domestic Taxbase Report and Council Tax Support Scheme Medium-Term Financial Strategy 2023-27 Consultation

Appendix 1 - Forecast Outturn 2022/23

1. The Council aims to operate a financial cycle of planning, monitoring and reporting throughout the year. The First Financial Review 2022/23 was reported to Corporate Policy Committee on 6 October 2022 with a Financial Review 2022/23 report going to all other Committees during November.

2. A Financial Review Update was presented at Corporate Policy Committee on 1 December. A forecast outturn of £8.7m net overspend was reported at this meeting (The full report can be found [Agenda for Corporate Policy Committee on Monday, 1 December, 2022, 10.00 am, Item 10 | Cheshire East Council]).

3. The outturn position is now forecast to be an overspend of £7.7m. Table 1 shows a summary of the forecast outturn by Committee.

Table 1: Forecast Outturn 2022/23 summary by Committee

2022/23 (GROSS Revenue Budget £474.2m)	Revised Budget (NET) £m	Forecast Outturn £m	Forecast Variance £m	Change since Second Review £m
Service Committee				
Adults and Health	121.1	130.0	8.9	0.0
Children and Families	74.2	77.7	3.5	(0.5)
Corporate Policy	40.6	41.0	0.4	(0.0)
Economy and Growth	23.6	22.8	(0.8)	(1.0)
Environment and Communities	44.4	47.3	2.9	1.2
Highways and Transport	13.8	13.6	(0.2)	(0.7)
Sub-Committee				
Finance Sub	(317.7)	(324.7)	(7.0)	-
TOTAL	**-**	**7.7**	**7.7**	**(1.0)**

Table 2: Forecast Outturn 2022/23 for Corporate Policy Committee

2022/23 (GROSS Revenue Budget £474.2m)	Revised Budget (NET) £m	Forecast Outturn £m	Forecast Variance £m
SERVICE DIRECTORATES			
Directorate	1.4	1.3	(0.1)
Finance & Customer Services	12.5	13.1	0.6
Governance & Compliance Services	11.9	11.3	(0.6)
Communications	0.7	0.7	-
HR	2.4	2.2	(0.2)
ICT	9.8	10.5	0.7
Policy & Change	1.9	1.9	-
Corporate Policy Committee	40.6	41.0	0.4

4. There is a forecast overspend of £0.4m for Corporate Policy Committee. Whilst there is no overall net financial variance to the forecast shown in the second review, Members may wish to note the following the following changes:
   - Increase in the forecast overspend within the Transactional Service Centre due to additional temporary staff in recruitment and pay, external consultants costs (Agylisis), and additional Governance and Support staff costs. Fall in the underspend being forecast by Customer Services due to test and trace final grant income no longer being received, and back pay costs for staff regrades in the newly formed Continuous Improvements team (£0.4m).

- Confirmation of new burdens funding within the Elections Service and lower than previously forecast electoral registrations costs (-£0.2m).
- Improvement within ICT due to the use of capital reserve for laptop replacement and an improved revenue contracts forecast decreasing the ICT Strategy overspend (-£0.2m).

5. This forecast may be subject to variation in the final quarter, as budget managers will continue to take robust actions to control costs and reduce non-essential expenditure to improve this position further.

6. Individual pressures identified above are reflected in the MTFS for 2023/24 to 2026/27. Any betterment to the forecast outturn position should be utilised to replenish reserves in line with the priority of the Corporate Plan.

Appendix 2 - Revenue Budget Changes for the Period 2023/24 to 2026/27

Executive Director Commentary:

The proposals seek to address the underlying financial pressures in Corporate Services. These relate primarily to the impact of pay inflation, the ongoing cost and income shortfalls across ICT and the TSC shared services and the increases in demand for enabling and support services required to deliver the Corporate Plan.

The proposed approach seeks to absorb and/or defer cost and demand pressures where possible, to offset employee costs through vacancy management, MARS and to look afresh at streamlining management and leadership, as well as continuing to pursue across the board efficiencies and reductions in non-essential spend.

There are proposals for a new model for ICT shared services to deliver a financially sustainable future through an invest to save change programme. This is subject to decisions being made by both Cheshire East and Cheshire West and Chester Councils in February 2023. Additional savings will be made in ICT through reductions in licenses, third party contracts and agency spend.

Early work in the Revenues and Benefits service has shown the opportunities available through digital transformation, use of robotics and artificial intelligence. There is an invest to save programme seeking to accelerate digital transformation.

The proposals also seek to reduce the costs of democracy through a review of the number of committees which can release savings in terms of Special Responsibility Allowances and deleting vacant posts. No additional inflation is assumed for Member Allowances in 2023/24.

Proposals to vary the Budget in the Corporate Policy Budget are focused on these areas:

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[46] Pay inflation [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. *Impact on service budget =*	**+2.587**	**+1.040**	**+0.893**	**+0.915**
[47] Shared Services Review – move to hybrid model [NEW] Delivery of an updated ICT Shared Services working model requiring initial joint investment of £5.11m of which £2.55m CEC share with view to delivering long term savings. £1.55m to be funded through capital, remaining amounts will be supported by flexible use of capital receipts. Member decision, currently expected in February 2023. *Impact on service budget =*	**+0.390**	**+0.343**	**-2.205**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Note: Proposal 47 has been updated during the consultation period, to ensure it presents a position that aligns with the agenda item on the MTFS.

Corporate Policy Committee Policy Proposals	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[48] Revenue implications of capital: IT Procurements and Application Lifecycle Management [MTFS 22-26 [27]] Additional funding for the Council's key line of ICT business systems from initial procurement to implementation, maintenance and decommissioning. The benefits of robust Application Lifecycle Management (ALM) will be modern business systems that are secure, supportable and compliant. Elements that would have previously been capitalised now require revenue funding. *Impact on service budget =*	**+0.511**	**+0.084**	**+0.006**	
[49] Infrastructure Investment Programme [MTFS 22-26 [25]] To enable the delivery of a modern business architecture, including all core ICT infrastructure platforms, which underpin and support innovation, affordable frontline delivery and delivers a secure modern workplace with continued investment in security and compliance capabilities to protect against increased cyber threats. *Impact on service budget =*	**+0.239**	**+0.023**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[50] Accelerate digital transformation / robotics and related Digital Savings [NEW] Accelerate the Council's digital programme, reviewing services to maximise the use of digital through the end-to-end service. Includes an enhanced on-line offer for customers, extended use of robotics for automated processing, improved case management and electronic completion (such as e billing). Services impacted and savings realised will be council-wide not necessarily within Corporate Services. *Impact on service budget =*	**+0.150**	**-0.150**		
[51] Mitigation of reduction in the Dedicated Schools Grant [MTFS 22-26 [15]] The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises two distinct elements: ongoing responsibilities and historic commitments. The DfE have begun to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013/14, and which have been unwinding since. For CEC this impacts prudential borrowing repayments, budgets for ICT contracts and data intelligence. *Impact on service budget =*	**+0.122**	**+0.136**		
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[52] Remove Commercial Workstream Income Target [NEW] Income target relating to Adults Service not achievable. Income target sitting on a Corporate Services cost centre, growth required to eliminate it. *Impact on service budget =*	**+0.100**			
[53] Coroners Restructure Costs [NEW] Additional cost of Coroners Service staff to deal with backlog of cases and increased workload. Estimated costs based on figures in the Business Case which the Cheshire Coroner has prepared and submitted to the Chief Coroner. *Impact on service budget =*	**+0.060**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[54] Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels [MTFS 22-26 [5]] Improving debt collection will reduce income from court costs, which are already forecasting a budget shortfall. This is positive in many respects, although it does reflect an income deficit. The Council will continue to innovate with debt collection improvements that recognise the circumstances of those in debt. *Impact on service budget =*	**+0.013**	**-0.024**		
[55] Pension Costs Adjustment [NEW] This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund. *Impact on service budget =*	**-0.996**	**-0.378**	**-0.396**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[56] ICT Operational Efficiencies [NEW] ICT operational efficiencies including review and reduce software licenses, exploring options for moving capacity between locations and changes in ways of working, review agency posts as programmes / projects come to an end and skilling up or transfer in-house. *Impact on service budget =*	**-0.310**	**-0.100**		
[57] Reduce cost of Democracy [NEW] Review committee workloads against original design principles. Consider freeze on Member allowances. Reduce use of external venues, travel, expenses, printing. Review number of Committees through merging functions. *Impact on service budget =*	**-0.135**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee **Policy Proposals**	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[58 & 59] Elections Act 2022 additional costs (funded by New Burdens grant funding) [NEW] Additional costs arising from Elections Act 2022 which introduces new duties on local authorities for the management and running of elections, with the first elections affected being the scheduled polls to be held on 4 May 2023. To be covered by new burdens grant funding.				
Additional Ring-fenced Grant income =	**-0.132**			
Impact on service budget =	**+0.132**			
[60] Revenue implications of capital: Vendor Management Phase 3 to drive improvements in procurement [MTFS 22-26 [24]] Continuing improvements to the Council procurement and contract management process have seen the rollout and adoption of a new system. The system, Atamis, is a cloud-based contract lifecycle management (CLM) solution across Cheshire East Council, by the Corporate Procurement Team.				
Impact on service budget =	**-0.089**	**+0.071**		
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[61] Brighter Futures Together Programme Customer Experience [MTFS 22-26 19] This proposal will contribute to the Brighter Futures Programme Customer Experience Workstream objective: to become a customer centric organisation that puts all our customers at the heart of the everything we do, reflecting their feedback in the design and delivery of services. *Impact on service budget =*	**-0.081**			
[62] Across the board efficiencies, including procurement, income generation etc. [NEW] Review end to end processes to make savings and avoid costs. *Impact on service budget =*	**-0.010**	**-0.010**	**-0.010**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

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Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[63] Review of leadership and management, including MARS and redefine 'core offer' [NEW] Review the size and shape of the organisation, including leadership/ management/spans of control. *Impact on service budget =*		**-0.050**	**-0.050**	**-0.050**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23]* *Subsequent years are the incremental change from the previous year*				

Revenue Budget Financial Table:

CORPORATE POLICY COMMITTEE - Summary					REVENUE BUDGET	
	Budget including Policy Proposals					
	2023/24			**2024/25**	**2025/26**	**2026/27**
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Directorate	2,128	-2	**2,126**	**2,738**	**3,185**	**4,050**
Finance and Customer Services	62,147	-49,580	**12,567**	**12,464**	**12,464**	**12,464**
Governance and Compliance Services	14,162	-3,818	**10,344**	**10,344**	**10,344**	**10,344**
Communications	700	-10	**690**	**690**	**690**	**690**
Human Resources	3,132	-668	**2,464**	**2,464**	**2,464**	**2,464**
ICT	29,630	-18,811	**10,819**	**11,278**	**9,079**	**9,079**
Policy and Change	2,943	-965	**1,978**	**1,995**	**1,985**	**1,985**
Total Cost of Service	**114,842**	**-73,854**	**40,988**	**41,973**	**40,211**	**41,076**
	Policy Proposals included above					
Policy Proposals						
Directorate	1,591	100	**1,691**	**612**	**447**	**865**
Finance and Customer Services	-20	13	**-7**	**-103**		
Governance and Compliance Services	57	-132	**-75**			
Communications			**0**			
Human Resources			**0**			
ICT	919		**919**	**459**	**-2,199**	
Policy and Change	23		**23**	**17**	**-10**	
Financial Impact of Policy Proposals	**2,570**	**-19**	**2,551**	**985**	**-1,762**	**865**

Note: This table has been updated during the consultation period, to ensure it presents a position that aligns with the agenda item on the MTFS.

Appendix 3 - Capital Programme

Corporate Policy — CAPITAL

Scheme Description	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
CAPITAL PROGRAMME 2023/24 - 2026/27												
	Forecast Expenditure						Forecast Funding					
Committed Schemes												
ICT Services												
Care Act Phase 2	0	1,100	1,038	0	0	**2,138**	0	0	0	0	2,138	**2,138**
Digital Customer - Delivery Programme Phase 1	128	122	0	0	0	**122**	0	0	0	0	122	**122**
Digital Customer Enablement	0	1,400	474	0	0	**1,874**	0	0	0	0	1,874	**1,874**
Info' Assurance And Data Mgmt	0	1,941	1,850	0	0	**3,791**	0	0	0	626	3,165	**3,791**
Infrastructure Investment(IIP)	0	1,869	1,656	1814	0	**5,339**	0	0	0	0	5,339	**5,339**
Total ICT Services Schemes	**128**	**6,432**	**5,018**	**1,814**	**0**	**13,264**	**0**	**0**	**0**	**626**	**12,638**	**13,264**
Finance & Customer Services												
Core Financials	0	741	720	741	0	**2,202**	0	0	0	0	2,202	**2,202**
Strategic Capital Projects	0	4,727	4,000	3,087	0	**11,814**	0	0	0	0	11,814	**11,814**
Vendor Management - Phase 2	19	0	0	151	150	**301**	0	0	0	150	151	**301**
Total Finance & Customer Services Schemes	**19**	**5,468**	**4,720**	**3,979**	**150**	**14,317**	**0**	**0**	**0**	**150**	**14,167**	**14,317**
Total Committed Schemes	**147**	**11,900**	**9,738**	**5,793**	**150**	**27,581**	**0**	**0**	**0**	**776**	**26,805**	**27,581**
New Schemes												
ICT Services												
ICT Hybrid Model	0	926	627	0	0	**1,553**	0	0	0	0	1,553	**1,553**
Total ICT Services New Schemes	**0**	**926**	**627**	**0**	**0**	**1,553**	**0**	**0**	**0**	**0**	**1,553**	**1,553**
Total Corporate Policy Schemes	**147**	**12,825**	**10,365**	**5,793**	**150**	**29,134**	**0**	**0**	**0**	**776**	**28,358**	**29,134**

Appendix 4 – Revenue Grant Funding

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
SPECIFIC USE (Held within Services)							
Corporate Policy Committee							
Housing Benefit Subsidy	not available	52,676	46,652	46,652	46,652	46,652	Allocated direct to service
Discretionary Housing Payments Grant	98.000	349	314	283	254	229	Allocated direct to service
Housing Benefit (HB) Award Accuracy Initiative	11.417	31	29	28	27	25	Allocated direct to service
LADS - VEP (RTI) funding	10.900	29	24	20	17	14	Allocated direct to service
New Burdens: Universal Credit, maintenance & natural migration	not available	8	8	7	7	7	Allocated direct to service
LADS - New Burdens - Welfare Reform Changes (S4/2022)	19.500	64	62	60	58	57	Allocated direct to service
LADS - New Burdens - Supported & Temporary Accommodation Change Request	not available	2	2	2	2	2	Allocated direct to service
LADS - New Burdens - Supported & Temporary Accommodation	not available	5	5	5	4	4	Allocated direct to service
LADS - New Burdens - Single Housing Benefit Extract Automation	not available	5	5	5	4	4	Allocated direct to service
Incapacity Benefit Reassessment (S5/2022)	0.478	2	2	2	2	2	Allocated direct to service
Council Tax Rebate Scheme - New Burdens on Account Payment	28.047	450	0	0	0	0	Allocated direct to service
Council Tax Energy Rebate Scheme	3,069.445	19,852	0	0	0	0	Allocated direct to service
Business Rates Grant NB	not available	19	0	0	0	0	Allocated direct to service
Democratic Services:	not available						
Police and Crime Commissioner's Panel grant	not available	65	65	65	65	65	Allocated direct to service
Electoral Integrity Programme - New Burdens	7.478	69	132	0	0	0	Unring-fenced Grant - Held Centrally
Total		**73,626**	**47,300**	**47,128**	**47,092**	**47,060**	
GENERAL PURPOSE (Held Corporately)							
Corporate Policy Committee							
Housing Benefit Administration Subsidy	163.721	736	626	595	595	595	Unring-fenced Grant - Held Centrally
Unidentified Ministry of Justice Grant	not available	9	0	0	0	0	Unring-fenced Grant - Held Centrally
NNDR Administration Allowance	not available	587	587	587	587	587	Allowance as per NNDR - not a grant
Council Tax Family Annexe Discount	7.422	25	0	0	0	0	Unring-fenced Grant - Held Centrally
Revenue Support Grant	1,672.058	7	388	388	388	388	Unring-fenced Grant - Held Centrally
New Homes Bonus	556.003	6,614	3,794	3,000	0	0	Unring-fenced Grant - Held Centrally
Lower Tier Services Grant	111.000	360	0	0	0	0	Unring-fenced Grant - Held Centrally
Services Grant	822.000	2,932	1,652	1,652	1,652	1,652	Unring-fenced Grant - Held Centrally
Business Rates Reliefs Grant	4,076.389	13,890	0	0	0	0	Unring-fenced Grant - Held Centrally
Total		**25,160**	**7,047**	**6,222**	**3,222**	**3,222**	
Total Corporate Policy Committee		**98,786**	**54,347**	**53,350**	**50,314**	**50,282**	

Appendix 5 – Earmarked Reserves

Corporate Policy Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
Directorate						
Corporate Directorate	**1,868**	(381)	**1,487**	0	**1,487**	To support a number of widespread projects within the Corporate Directorate.
Finance and Customer Services						
Collection Fund Management *	**27,424**	(13,840)	**13,584**	(1,546)	**12,038**	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve - Capital Financing Budget *	**6,511**	1,500	**8,011**	(800)	**7,211**	
Financing Reserve - Corporate Capital Projects	**925**	(400)	**525**	(525)	**0**	
Financing Reserve - People Capital Projects	**573**	(150)	**423**	(100)	**323**	To provide for financing of capital schemes, other projects and initiatives.
Financing Reserve - Place Capital Projects	**1,520**	(250)	**1,270**	(200)	**1,070**	
MTFS Reserve *	**10,068**	(6,833)	**3,235**	(2,533)	**702**	To support the financial strategy and risk management. Reserve balance at end of 2026/27 is forecast at £0.7m.
Section 151 Revenue Grants	**28**	(28)	**0**	0	**0**	Unspent specific use grant carried forward into 2022/23.
Section 151 Revenue Grants - Covid-19	**5,989**	(5,989)	**0**	0	**0**	Covid (Unringfenced) reserve carried forward into 2022/23.
Governance and Compliance						
Insurance Reserve - Cheshire County Fund	**130**	(187)	**(57)**	0	**(57)**	To settle insurance claims and manage excess costs.
Insurance Reserve - Cheshire East Fund	**5,164**	(1,244)	**3,920**	0	**3,920**	To settle insurance claims and manage excess costs.
Elections General	**477**	225	**702**	(702)	**0**	To provide funds for Election costs every 4 years.
Brexit Funding	**13**	0	**13**	0	**13**	
Human Resources						
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	**59**	(59)	**0**	0	**0**	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Pay Structure (M Grade Review)	**584**	(278)	**306**	(278)	**28**	To fund ongoing changes to pay structure.
Policy and Change						
Brighter Future Transformation Programme *	**1,780**	(279)	**1,501**	(1,271)	**230**	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.
CORPORATE POLICY TOTAL	**63,113**	**(28,193)**	**34,920**	**(7,955)**	**26,965**	

Note: This table has been updated during the consultation period, to ensure it presents a position that aligns with the agenda item on the MTFS.

Agenda Item 6

Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	9th February 2023
Report Title:	Notice of Motion - LGA Campaign: 'Save Local Services'
Report of:	Jane Burns, Executive Director Corporate Services
Report Reference No:	CP/62/22-23
Ward(s) Affected:	Not applicable

1. Purpose of Report

1.1 Council on 14 December 2022 referred a Notice of Motion to the Corporate Policy Committee for consideration. The Notice of Motion relates to the Local Government Association's (LGA) Save Local Services campaign and local government funding. Since then, the Medium Term Financial Strategy has been published for consultation. The detailed report is elsewhere on this agenda.

1.2 The Committee is asked to comment on the Motion and decide what action is wishes to take.

2. Executive Summary

2.1 The LGA is the national voice of local government working with councils to support, promote and improve local government. It is a political organisation with elected representatives from all different political parties that direct the organisation through boards and panels. However, they always strive to agree a common cross-party position on issues and to speak with one voice on behalf of local government.

2.2 The LGA's Save Local Services campaign states that "local government is the fabric of our country. It provides more than 800 services and positively impacts the daily life of every person in every community. However, the future financial sustainability of councils is on a cliff-edge, and the scale of the pressures cannot be met by reducing costs, making efficiencies, or raising council tax. Many now face the prospect of having to make severe cutbacks to local services. This would not only damage our communities but massively undermine Government ambitions to boost economic growth, level up the country and help residents through the cost-of-living crisis.

2.3 The LGA is calling for a long-term plan from Government. Inflation is not going to come down overnight. Reserves can only be spent once. A local service cannot be cut twice. To save the local services we all rely on, councils need adequate funding, in line with inflation and the demand for services, and certainty to plan their budgets to minimise service disruption."

3.0 Notice of Motion - LGA Campaign "Save Local Services"

Proposed by Councillor M Goldsmith and Seconded by Councillor A Moran

The global pandemic, the Ukrainian war and the impact of Brexit has rocketed inflation to 11.1%, a level not seen for over 40 years. When UK councils set their budgets in February 2022, no one envisaged such high inflation or that its impact would be so quick. In recent months, the price of goods, services and staff wages have all risen at record levels. These increases must be paid NOW but councils have fixed incomes and spending budgets never designed for such high inflation.

For example, the government has now agreed a national pay rise of 6% for all council workers. For decades this had been around 2% and Cheshire East, like most other councils, budgeted for 2%. This 6% wage rise is backdated to April, so it adds £6m to our immediate costs this year. This is about 2% of council tax revenue. It is a cost increase we could not predict, had no control over, did not budget for but must pay immediately.

But this is not the only increase. Councils are not covered by the government's energy cap either. Therefore, we must pay full market rates to heat schools, libraries, and leisure centres. Construction costs have also gone up 18% and the care homes for our vulnerable residents want immediate price rises too.

Rampant inflation has added £8.9m to Cheshire East's costs this year. Just to deliver the same services. In February 2022, the day after Russia invaded Ukraine, Full Council debated its latest 4-year spending plan. The Conservatives wanted to use a financial surplus of £2.4m to lower council tax. Instead, the administration put it into the council's reserve funds. Thank goodness we did. It means Cheshire East can remain solvent this year. We are one of the lucky ones though.

Many councils, of all political types, are now talking about imminent bankruptcy. The Conservative councils of Hampshire and Kent have requested emergency government support to avoid Section 114 insolvency notices within months.

In the latest budget, the Chancellor allowed council tax to increase by 5% in April 2023. However, this is far is too little and far too late. It does nothing to fix the current financial problems caused by uncontrolled inflation. It also does nothing to fix future problems with inflation either. With inflation at 11.1%, a 5% rise in council tax next April means a 6.1% CUT in council funding. This means Cheshire East will have almost £20m less to spend on local services.

The LGA says Local councils need £2.4 billion of emergency funding NOW to keep vital public services going. On budget day, the Daily Telegraph published how central government wasted £14 billion last year on items such as ‘Vegan ice cream, a villa party in Naples, staff training by RADA actors and £6,091 on an amusement park in Sydney, Australia’. The government also spent £9.2bn on failed energy companies like Bulb. Therefore, the £2.4 billon councils need to keep vital services running is a fraction of this waste.

The Chancellor also stated the UK is now officially in recession. So, with rampant inflation, economic recession plus councils’ facing bankruptcy or savage cuts, the Chancellors claim to be delivering a plan for “stability, growth and public services” seems rather detached from reality.

Therefore, Cheshire East Council Supports the LGA Campaign to “Save Local Services” AND asks the Government to provide immediate emergency support to address the funding gap for all local councils.

4. Considerations

4.1 The LGA have been lobbying government for some time on the impact of national economic factors on local services and local councils. Their Save Local Services campaign is supported on a cross-party basis.

4.2 The LGA website includes background information. Save local services | Local Government Association

4.3 The Committee is asked to consider whether to formally demonstrate Cheshire East’s support for the campaign.

4.4 In terms of immediate emergency support to address the funding gap for councils, the Local Government Provisional Financial Settlement was published on 19 December 2022 by the Department for Levelling Up, Housing and Communities. They have said that for 2023/24, they are making available an increase in Core Spending Power of 9% or almost £5 billion on 2022/23. Total Core Spending Power provided through the local government finance settlement for 2023/24 will be £59.5 billion. Core Spending Power includes Council Tax. The government will set the core referendum limit for increases in Council Tax to 3% per year for 2023/24. In addition, councils with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. The consultation ran from 19 December 2022 until 16 January 2023.

4.5 On 12 December, the government published a "policy statement covering our intentions for the local government finance settlement in 2023/24," and this consultation document builds on that statement. They recognise that certainty is important for budget setting, and the policy statement also included our intentions for parts of the 2024/25 local government finance settlement.

4.6 They propose to increase Revenue Support Grant in line with the Consumer Price Index (CPI), there will be a new round of New Homes Bonus payments, and new funding for social care announced at the Autumn Statement will go through established distribution methodologies like those used for the Social Care Grant and improved Better Care Fund. In recognition of inflationary pressures, they have repurposed the Lower Tier Services Grant to create a new one-off Funding Guarantee to ensure that all authorities will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves, and council tax levels. They say, "this is a strong settlement for local government which provides local authorities the resources that they need to provide valued services to their communities."

4.7 LGA responds to provisional Local Government Finance Settlement | Local Government Association

"The increase in local government core spending power next year, confirmed in today's provisional settlement, will help councils deal with inflationary and other cost pressures they face. Underlying and existing pressures remain for councils and many still face significant challenges when setting their budgets and trying to protect services from cutbacks. Shire district councils - which provide vital services like planning and waste and recycling collection – will also see a lower core spending power increase next year, which is something the Government should address in the final settlement. Councils want to work with government on a long-term plan to fund local services and a turbocharging of wider devolution where local leaders have sustainable funding and greater freedom to take decisions on how to provide vital services in their communities."

4.8 From a Cheshire East perspective, the MTFS states that the Council is significantly exposed to national economic changes. Increasing prices impact the Council's contracts and bills, increasing complexity in demand also contributes to driving up costs. Once the annual budget is set the Council must rely on achieving financial targets or using reserves to manage risks. The Council has historically had limited reserves due to the level of spending required on front line services, as such the national financial challenges are causing significant financial stress.

4.9 The legacy of the pandemic continues to be felt across the whole borough. In financial terms the removal of lockdown restrictions and an end to emergency financial support has not led to any period of stability. In fact, the opposite has been true with inflation rising to 11%+ compared to a national target of 2%, and interest rates rising from 0.5% in February 2022 to 3.5%.

4.10 The MTFS approved in February 2022 was balanced for a four-year period, whilst still recognising emerging risks inherent with demand led services. These forecasts allowed for growth in essential services such as Social Care and Waste Services. But the forecasts were significantly understated when reviewed in light of the national economic factors referred to above.

4.11 To deal with revised spending forecasts the Council must increase income from taxation and charges as well as making savings even in statutory services. Although this is an extremely challenging scenario the Council must produce a balanced budget whilst protecting vulnerable residents.

4.12 The Council also has highly ambitious plans to regenerate the area and provide improved infrastructure that supports economic wellbeing. These plans align to the Council's ambition to be greener and promote sustainable development. But spending on major road and town centre projects is also subject to high inflation and increased borrowing costs.

4.13 At this stage, there has been no indication given by the government of additional financial support for all local councils for 2023/24.

5. Recommendation

5.1 The Committee agree to support the LGA Campaign to "Save Local Services".

6. Reason for Recommendation

6.1 To respond to the Notice of Motion submitted on 14 December 2022 within the provisions of the Constitution.

7. Other Options Considered

Option	Impact	Risk
Do nothing	A missed opportunity to demonstrate support for the LGA Save Local Services Campaign.	Perception of lack of importance to Cheshire East Council of the issues raised in the campaign

8. Consultation and Engagement

8.1 The MTFS and budget consultation process runs until 30 January 2023. Feedback will be reviewed and taken into consideration in setting the budget for 2023/24 at Council on 22 February 2023.

9. Implications

9.1 Legal

The are no direct legal implications of supporting the notice of Motion.

9.2 Finance

The are no direct financial implications of supporting the notice of Motion.

9.3 Policy

There are no specific policy implications of supporting the Notice of Motion.

9.4 Equality

There are no specific equality implications of supporting the Notice of Motion.

9.5 Human Resources

There are no specific HR implications of supporting the Notice of Motion.

9.5 Risk Management

There are no specific risk management implications of supporting the Notice of Motion.

9.6 Rural Communities

There are no specific implications for rural communities of supporting the Notice of Motion

9.7 Children and Young People/Cared for Children

There are no specific implications for children and young people and cared for children of supporting the Notice of Motion

9.8 Public Health

There are no specific implications for public health of supporting the Notice of Motion

9.9 Climate Change

There are no specific implications for climate change of supporting the Notice of Motion

Access to Information	
Contact Officer:	Jane Burns, Executive Director Corporate Services jane.burns@cheshireeast.gov.uk 01270 686013
Appendices:	None
Background Papers:	Save local services | Local Government Association

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Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	9th February 2023
Report Title:	Media Relations Protocol
Report of:	Jane Burns, Executive Director – Corporate Services
Report Reference No:	CP/34/22-23
Ward(s) Affected:	All wards

1. Purpose of Report

1.1. This report presents an updated media relations protocol for Cheshire East Council.

1.2. The protocol supports the Corporate Plan priority of promoting and developing the services of the council through regular communications and engagement with all residents.

2. Executive Summary

2.1. A media relations protocol sets out the policy and principles that define how public and media relations activity for an organisation will be undertaken. It sets out roles and responsibilities regarding the council's public relations and specifically media relations activity. This includes establishing the approvals process, identifying spokespersons and the distribution/publication protocol.

2.2. The previous version of the protocol was approved on 8 June 2021. A revised protocol is being brought to this committee following a scheduled review.

2.3. **Revisions to the protocol are:**

2.3.1. Further clarification provided with regard to the definition of 'journalistic media'

2.3.2. Updated vision and strategic outcomes for communications activity, following adoption of the Communications Strategy for Residents 2022-25

2.3.3. Increased clarity over spokesperson roles for champions, mayor and ward members.

2.3.4. A revised process for the approval process of straightforward operational factual statements and information bulletins.

2.3.5. A revised process for the approval of media activity in exceptional circumstances, when responding to urgent circumstances.

2.3.6. Increased clarity on the distribution and publication of targeted media releases or statements that have a specific audience in mind.

2.3.7. Style and formatting improvements

3. Recommendations

3.1. Corporate Policy Committee is asked to approve the updated protocol.

4. Reasons for Recommendations

4.1. We want residents to be aware of the council and the services we provide. We will produce regular, proactive communications through a range of channels. The media relations protocol will enable efficient and responsible public communications activity. It will ensure that the organisation’s public communications are approved by those officers and members with appropriate authority. It will also make it clear which individual officers and members are empowered to speak on behalf of the organisation.

4.2. The updated protocol reflects learning from the first full year of working with the committee system of decision-making and the ever-changing media landscape.

4.3. The council attracts a significant amount of interest from the media, and press, broadcast and online media outlets provide important channels in delivery of the council’s communications strategy. It is important that we have effective processes and protocol in place to manage this interest and activity.

4.4. Activity in 2021/22 included:

- 741 media enquiries
- 287 media releases
- 6,600 individual media articles and news stories

5. Other Options Considered

5.1.

Option	Impact	Risk
The council could operate without a media relations protocol.	This would mean that the organisation had no framework to coordinate, govern and manage public communication activity.	This would hamper the ability of the organisation to communicate effectively with residents, customers and stakeholders. It would also put the organisation at increased risk of reputational damage.
The council could continue to use the previous version of the media relations protocol.	This would not reflect learning from the first full year of working with the committee system of decision-making and the ever-changing media landscape.	This would hamper the ability of the organisation to communicate effectively with residents, customers and stakeholders. It would also put the organisation at increased risk of reputational damage.

6. Background

6.1. Cheshire East Council is an important organisation with a significant impact and influence locally and regionally. Its policies and service delivery have wide-ranging, direct and indirect impact on people's lives and futures.

6.2. It is important that our customers and other stakeholders have good access to information about the organisation.

6.3. It is also important that the policies and priorities of the organisation, and the reasons and drivers for those policies and priorities, are presented in ways that can be easily understood by the full range of stakeholders.

6.4. The media relations protocol is a framework that establishes the rules and conventions to ensure that the council's public communications activity is well managed and well governed.

6.5. The use of a media relations protocol by Cheshire East Council, to effectively manage approvals, distribution and publication of the organisation's public statements and media activity, is well-established. The previous version of protocol was approved in June 2021 by Corporate Policy Committee.

7. Consultation and Engagement

7.1. Subject to the committee’s views, the updated protocol will be shared with all members.

8. Implications

8.1. Legal

8.1.1. The communications and engagement activities covered by this report and strategy are subject to the following guidance and legislation:

8.1.2. Data Protection Act 2018

8.1.3. Copyright, Designs and Patents Act 1988

8.1.4. Libel and defamation law

8.1.5. Code of recommended practice for local government publicity

8.1.6. Civil Contingency Act (2004)

8.2. Finance

8.2.1. The media relations protocol has been written in the context of agreed 2022/23 budget for communications and media activity.

8.3. Policy

8.3.1. The media relations protocol is a key document that establishes how the council’s media communications will be managed and governed.

8.4. Equality

8.4.1. The council has a duty under the Equality Act (2010) and the Code of Recommended Practice for Local Government Publicity to ensure that information about council services is made available to all audiences.

8.4.2. The code of recommended practice states that: “Publicity about local authorities and the services they provide should be freely available to anyone who wishes to receive such information in a format readily accessible and understandable by the person making the request or by any particular group for which services are provided.”

8.4.3. While the media relations protocol does not in itself dictate the channels, format or means of communication, it does support communications activity of all kinds, for all audiences, including those with protected characteristics, by setting out a framework to ensure that any public communications activity is approved and voiced by individuals with the appropriate authority.

8.5. Human Resources

8.5.1. This report has no direct impact on human resources.

8.5.2. The protocol shapes the way in which the communications and media team operates. Any significant variation in the volume and/or nature of the work required resulting from a change of protocol, would require a review of resourcing.

8.6. Risk Management

8.6.1. An effective media relations protocol will support the organisation to ensure that it is fairly represented, that it is transparently and clearly accountable and accredited for its decisions and actions. The protocol will reduce the risk of reputational damage through misrepresentation, misinformation and/or disinformation.

8.7. Rural Communities

8.7.1. The media relations protocol is a necessary tool to ensure that the council's public communications are well managed and are available across a range of channels, reaching individuals and communities in all geographies across Cheshire East, including rural areas.

8.8. Children and Young People/Cared for Children

8.8.1. Communications and media activity will be central to the council's work to deliver the ambitions of the council's children and families services. The media relations protocol is a necessary tool to ensure that the council's communications resources are well managed.

8.9. Public Health

8.9.1. Communications and media activity will be central to the council's work to deliver the ambitions of the council's Public Health service. The media relations protocol is a necessary tool to ensure that the council's communications resources are well managed.

8.10. Climate Change

8.10.1. Communications and media activity will be central to the council's work to address the climate change emergency and deliver the ambitions of the council's environmental strategy. The media relations protocol is a necessary tool to ensure that the council's communications resources are well managed.

Access to Information	
Contact Officer:	Michael Moore, Head of Communications Michael.moore@cheshireeast.gov.uk 01270 686581
Appendices:	Appendix 1: CEC Media relations protocol 2023
Background Papers:	Code of recommended practice on local government publicity.

Cheshire East Council
Media relations protocol 2023

Introduction

This media relations protocol will enable efficient and responsible public communications activity, ensuring that the organisation's public communications are approved by those officers and members with appropriate authority and that it is clear which individual officers and members are empowered to speak on behalf of the organisation.

The council has committed to promote and develop the services of the council through regular communication and engagement with all residents. It will also ensure that there is transparency in all aspects of council decision making.

This document sets out the policy and principles that define how public and media relations activity for Cheshire East Council (CEC), as a local authority, will be undertaken.

This protocol is based on the principles set out in the Code of recommended practice on local government publicity. The code asserts that council publicity should:

- Be lawful
- Be cost effective
- Be objective
- Be even-handed
- Be appropriate
- Have regard to equality and diversity
- Be issued with care during periods of heightened sensitivity.

A fundamental principle underlying the code is that publicly funded council communications activity should be apolitical, representing the views and position of the local authority as a public service organisation, not the views of a given political party, group or individual.

The organisation, individual officers and members, may risk criticism and/or prosecution for misuse of public funds should communications activity be seen to be politically motivated. This is subject to particular scrutiny in periods of heightened sensitivity, such as immediately before elections or referenda.

This protocol sets out:

- The purpose and scope of the communications function
- The principles and process through which the requirement for communications activity is generated
- How we will ensure consistency and quality of messages
- How we identify spokespersons to speak on behalf of the council
- The approval process for public statements.

The guidance and processes detailed in this protocol should be considered alongside other rules, guidance and training that apply to how officers and members operate. As an example, specific considerations apply to members of planning committees when speaking about decisions of the local planning authority.

The protocol is principally concerned with the way the organisation engages with journalistic media, in the context of the continued shift to online/ digital publishing. This includes, but is not limited to, journalistic activity in the following media:

- Online news sites
- Social media
- Online video and audio
- Newspapers
- Magazines

- Radio
- TV

In the following geographies:

- Hyper-local
- Local
- Regional
- National
- International

'Journalistic Media' is defined by the professional standards adhered to by the practitioner. A professional journalist, for the purposes of this protocol, will be accredited by one or more of the following bodies:

- National Council for the Training of Journalists (NCTJ)
- Broadcast Journalism Training Council (BJTC)

They will hold either:

- National press card, issued by the UK Press Card Authority, or
- International press card issued by the Chartered Institute of Journalists

Their work will be published, broadcast or distributed in media described above, and is subject to regulation by the Independent Press Standards Organisation (IPSO) and the IPSO Editors' Code of Practice or IMPRESS.

The communications and media service will require proof of accreditation prior to engaging with individuals and organisations as journalistic media under this protocol. Individuals and organisations that do not qualify as journalistic media under this definition will be dealt with under the council's other public / customer / stakeholder engagement protocols as appropriate.

Communications and media service purpose

The communications and media service is a supportive enabling function, offering professional, strategic communications advice and outcome-based, audience-focussed communications activity to help achieve corporate objectives.

It will:

- Provide professional communications resources, guidance and governance to support the effective delivery of council services and initiatives
- Work to influence perceptions and encourage positive action, internally and externally, locally and nationally, to position CEC as a high-performing local authority
- Support and enable culture change and a shift in behaviours through the delivery of high-quality evidence-based resources and messaging.

The service has the following vision and strategic outcomes for communications with residents:

- Vision: People in Cheshire East are well-informed about their council and council services. They are aware of council decisions and how to influence them.
- Strategic outcomes:
    - Residents know about council services and how to access them, and what they can do to help themselves

- Residents understand the council's policies and priorities, how it makes decisions and how they can influence those decisions
- Residents understand the council's role in supporting the local economy
- Residents understand the council's role in supporting local people, including more vulnerable members of our community

Scope of activity for the communications and media service

The communications and media service will:

- Work with the organisation to identify and plan for communications priorities, opportunities and risks
- Deliver information about council services and how to access them, prioritising those services where evidence shows that these are the most important to residents, and those which are council priorities
- Lead, enable and support public and stakeholder communications and media activity required to deliver priority projects and programmes
- Communicate, publicise and promote decisions, service changes, and priorities etc, that are the result of decisions taken through the public, transparent and democratic decision-making processes of the authority, following appropriate consultation. For example:
    - Decisions taken at full council
    - Decisions taken at service committees
    - Decisions otherwise delegated through any powers as established through the constitution
- Defend the reputation of the organisation (but not that of individual members personally), rebutting and correcting factual inaccuracies, where appropriate, where they enter the public conversation about the organisation
- Undertake all communications and media activity ensuring that engagement with all impacted stakeholders and audiences is coordinated, owned and managed in each instance of communications activity
- Support council's corporate plan and strategic priorities.

***Note:** The communications and media team will work on matters that relate to the activity, decisions and priorities of the council as an organisation and will not operate in any way that is party-political in nature. To do so would be in direct breach of the Code of recommended practice on local government publicity

In public relations, as in all council business, it is the role of officers to create content that is neutral, or occasionally to speak neutrally, on behalf of the whole council (albeit including the delivery of the administration's programme).

Any clearly party-political communications must be through members' own channels (for example their own party newsletters and their own social media channels) rather than those owned and supported by officers and funded by taxpayer resources.

Demand for communications activity

The need for communications activity will generally be identified by the communications and media service with senior officers of the council (Head of Service, Director, Executive Director and/or Chief Executive) and will be agreed with the relevant committee Chair or Leader and Deputy Leader as appropriate.

All media enquiries, media releases, statements, information bulletins, pitches and interview requests relating to the council, its policies and services must be handled by the communications and media service, following this protocol.

Any other officer contacted by a journalist requesting an interview or comment should refer the journalist to the communications and media service. In such cases, the officer should take care not to make any comment on council policy – this could be misunderstood as representing the council's organisational position.

Media activity regarding formal decisions

Meeting agendas are published five clear working days in advance. On occasions this may mean that journalists seek to write news articles, based on committee reports, in advance of decisions being taken.

Where journalists' media stories are written and published in advance of decisions being taken, the communications and media service will monitor to ensure accuracy, and, where necessary, will draft a corrective /clarifying response.

On occasion, it may be appropriate for the service to produce proactive content in advance of decisions, setting out the facts regarding a decision to enable public understanding. However, in such cases, great care will be taken so that the story does not appear to predetermine a decision nor seek to influence that decision.

Proactive

Proactive opportunities may be identified for one or more of the following reasons:

- To provide information about access to services
- To inform audiences and stakeholders about any change to service or policy
- To celebrate the organisation's successes
- To establish the organisation's position on an issue (but not that of an individual member or political group)
- To promote the organisation's profile, sharing innovation and good practice
- To encourage positive behaviour change in line with council priorities.

Reactive

The organisation may be required to respond to externally generated demand. Such demands may arise from one or more of the following:

- Journalist enquiry
- Response to misinformation or dis-information in the public domain
- Any emerging issue, situation, emergency or crisis
- To establish the organisation's position on an emerging issue (but not that of an individual member or political group).

Where a journalist makes a media enquiry, it is likely that they will give a deadline. If they do not, the communications and media officer should ask in order to manage expectations.

The IPSO Editors' Code of Practice establishes an expectation of 'right of reply'. This means that where a story is written about the council, the council must be given the opportunity to put forward its position. Right of reply can be exercised through a response to a media enquiry, in a media interview with a council spokesperson or, in some cases, a journalist's factual record of a meeting, for example a meeting of full council, may be considered as having given sufficient right of reply to the organisation.

Consistency and quality of message

The council is a large and complex organisation, operating in a complicated environment; an environment which sometimes has many conflicting voices. It is important that the organisation's public messages are as transparent, simple and consistent as possible, delivered with clarity despite these complexities. This means that messages to the general public should be coordinated through the communications and media service, with all appropriate approvals in place prior to publication.

Spokespersons

A spokesperson is the named individual who is quoted in a media release or statement, and/or is put up for press, online, radio or TV interview.

It is essential that, where speaking on behalf of the organisation as a whole, spokespersons have the authority to speak on behalf of the organisation and are well-informed with regard to the facts and the council's position on the matter in question.

It is also essential that spokespersons are available to respond quickly to provide and/or approve content and quotes. This is to ensure that the council's communications can be issued in a timely manner.

Service committee chair

The default spokesperson for any media release, response, statement or interview is the chair of the relevant service committee (or their nominee) or, in their absence, the vice-chair. They have responsibility for the policy and strategic direction in relation to the work of the particular service committee.

Leader and Deputy Leader of the council

The Council Leader or Deputy Leader will be put forward for interview where there are significant issues that affect the council or borough as a whole or that cut across several committees. Where the Leader or Deputy Leader is not available, they may nominate a senior officer, such as the Chief Executive, to take their place.

Statutory and regulatory non-executive committee chairs

Where the subject matter has specifically to do with the work of a particular statutory or regulatory non-executive committee of the council, for example, scrutiny, licensing, audit and governance etc, then the chair of that committee may be quoted. This would be in agreement with, and in addition to, the service committee chair responsible for the policy relating to that area of the council's work.

Mayor and member champions

The mayor and the council's member champions may also be quoted where the communication relates to their specific area of civic or champion responsibility. This will be with the agreement of the chair of the relevant service committee or, in their absence, the vice-chair, and when the views expressed support the council's policy and decisions.

Ward members

Where a story is particularly relevant to a specific ward or, on advice from the relevant officer(s) or committee chair, is deemed to be the result of direct work by ward member(s) in that ward, ward members may be quoted. This will be in agreement with, and in addition to, the chair of the relevant service committee responsible for that area of the council's work, or, in their absence, the vice-chair.

Where a story is particularly relevant to a number of wards, for example, an entire town, ward members in that town may, with the agreement of the service committee chair (or in their absence the vice-chair), nominate a ward councillor spokesperson.

Senior manager

In some cases, for example where a statement is concerned with a purely operational matter, such as a staffing matter, it may, with the agreement of the committee chair, or in their absence, vice-chair and chief executive, be suitable for an appropriate senior officer to be named spokesperson.

'A council spokesperson'

In exceptional circumstances, for example, when working under particular time pressures and the default spokespersons are for whatever reason unavailable, quotes in media releases / statements may be attributed to 'a council spokesperson'. This can only apply where the council's position on an issue is clearly established.

This should only be used in exceptional circumstances. It is important that, wherever possible, quotes are attributed to a named, identifiable and accountable individual.

Approval process

It is essential that all public statements and releases are approved by officers and members of the council with appropriate authority, in a timely fashion. Where possible, we aim to respond within one working day.

Media releases and statements

Will be signed off by:

- Communications and media service
- Head of Service
- Director and/or Executive Director
- Chair of the relevant committee, or in their absence, or at their request, vice-chair of that committee–and any other named spokesperson

Where the matters concerned are over-arching, or are deemed of sufficient importance or impact, approval may also be sought from Chief Executive, Leader and Deputy Leader, prior to distribution.

Where a matter is purely operational, such as a staffing matter, and an officer or 'council spokesperson' is quoted, releases and statements may be shared with the chair/vice-chair for information only, rather than approval.

If there is a significant reputation risk to the council not responding at short notice, in exceptional circumstances, the communications service will seek sign off at the highest available level, having contacted each management tier, down to Head of Service – highlighting the risks if we do not respond. In such cases, quotes / statements would be attributed to 'council spokesperson'.

Simple operational statements and information bulletins:

To enable efficient handling of media enquiries and content, simple operational statements[1] and information bulletins may be signed off by:

- Communications and media service
- Head of Service

However, if the Head of Service deems there to be sensitivities or any concerns, they will escalate to their director and/or executive director for consideration and to determine level of approval required.

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[1] Simple operational statements and information bulletins are defined as those conveying straightforward facts on subjects that are deemed as non-controversial and which do not seek to express or explain policy position.

Distribution and Publication

Media releases and information bulletins

Many of the council's media releases and information bulletins will be intended for a general, local, public audience. In these cases, the distribution of releases will be as follows:

1. Internal stakeholders, including all elected members
2. Publication on website
3. Social media channels as appropriate
4. Direct email to local media distribution list.

On other occasions, media releases may have a particular audience in mind. In such cases, the distribution of releases will be as follows:

1. Internal stakeholders, including all elected members
2. Publication on website
3. OPTIONAL - Social media – this may be targeted to a specific audience
4. OPTIONAL - Direct email to relevant external stakeholders / partners
5. OPTIONAL - Direct email to specialist/targeted media distribution list
6. OPTIONAL - Direct email to local media distribution list

Media statements (reactive)

Media statements are used in response to specific media enquiries and therefore are not normally for general distribution/publication. Distribution of statements will be as follows:

1. Internal stakeholders, including members of the relevant committee
2. Direct email to enquiring journalist(s).

In exceptional circumstances, the decision may be taken to publish a specific media statement on the Cheshire East Council website and/or shared on social media. However, this would only be the case where there was a requirement to correct significant misinformation/disinformation or misunderstanding and the statement gave sufficient context to make sense in its own right. In many cases, due to the responsive nature of a statement, statements do not, in their own right, give sufficient context to be published for general, universal consumption without additional information.

Contact details

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Telephone: 01270 686577

Web: www.cheshireeast.gov.uk/media

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Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	9th February 2023
Report Title:	Pay Policy Statement 2023/24
Report of:	Jane Burns, Executive Director of Corporate Services
Report Reference No:	CP/33/22-23
Ward(s) Affected:	Not applicable

Corporate Plan Priorities

Open	An open and enabling organisation	X
Fair	A council which empowers and cares about people	
Green	A thriving and sustainable place	

1. Purpose of Report

1.1. The purpose of this report is to outline the changes to the Pay Policy Statement for 2023/24 and for the Corporate Policy Committee to recommend the policy to Council.

2. Executive Summary

2.1. Section 38 of the Localism Act (2011) requires Local Authorities to produce a Pay Policy Statement by 31 March on an annual basis. Regard continues to be given to any guidance from the Secretary of State in producing this statement and the Local Government Transparency Code (2015).

2.2. The Pay Policy Statement for 2023/2024 which reflects the expected position at 1 April 2023 is attached as Appendix 1. Changes since last year's Statement are outlined in section 7.4 of this report.

3. Recommendations

3.1. That the changes since the 2022/23 Pay Policy Statement be noted as outlined in section 7.4 of this report.

3.2. That the attached Pay Policy Statement for 2023/24 be recommended by the Corporate Policy Committee to Council for approval and published accordingly.

3.3. That the agreed Pay Policy Statement for 2023/24 is reviewed in-year and any further changes are approved by the Monitoring Officer and published accordingly.

4. Reasons for Recommendations

4.1. A Pay Policy Statement has been required to be produced annually since 2012/13 under Section 38 of the Localism Act (2011). Local Authorities must have their Pay Policy Statement approved by full Council and published on their website no later than the 31 March prior to the financial year to which it relates.

5. Other Options Considered

5.1. Not applicable.

6. Background

6.1. The purpose of the Pay Policy Statement is to increase accountability, transparency and fairness with regard to the Council's approach to pay with particular focus on its Chief Officers.

7. Key Updates to the Pay Policy Statement

7.1. The Pay Policy Statement 2023/24 follows the style and format of the Statement published in 2022/23. The Statement focuses on the broad principles and policies regarding pay and has links to further information and statistical data available on the Council's website and associated policies.

7.2. The Statement has again been designed to be user friendly for public consumption and should require minimal updates each subsequent year.

7.3. The links to further information will be updated as appropriate through the coming year.

7.4. Changes since the last Pay Policy Statement are as follows:

7.4.1. Included cover sheet to the PPS which also includes the Council's external website address (see page 1).

7.4.2. Referenced specific employment legislation, i.e. Employment Rights Act 1996, Equality Act 2010, The Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the National Minimum Wage Regulations 2015 (see page 2).

7.4.3. Changed the title of section 3 from 'Pay Structure Senior Management' to 'Senior Management ('Chief Officers') Remuneration' (see page 3).

7.4.4. Removed any references throughout the Statement which advised that Performance Related Pay (PRP) for senior management has been removed.

7.4.5. The Statement explains that Grades 13 and 14 contain three increments in each with annual incremental progression on the anniversary of the appointment (see page 3).

7.4.6. The Statement links to the Council's website for further details about benefits: Employee benefits (cheshireeast.gov.uk) (see page 3).

7.4.7. Removed any references throughout the Statement which advised that a new JNC pay structure has been introduced – this was implemented in 2021.

7.4.8. Updated salary information for Tier 1 to Tier 3 to reflect recently agreed April 2022 rates (see page 4).

7.4.9. Included specific section on 'NJC Employees' which confirms that from 1 April 2023, Spinal Column Point 1 will be permanently deleted from the NJC pay spine; the April 2023 NJC pay framework will comprise of 44 salary points (see page 4).

7.4.10. Removed section on the 'Living Wage' – the Local Living Wage supplement has not been paid for number of years; any future pay awards agreed nationally will take into account National Living Wage requirements and ensure that the NJC minimum spinal column point is higher than the National Living Wage.

7.4.11. In November 2022, the Council was accredited as a Hidden Disabilities Sunflower Scheme Employer, so this has been included in the Statement (see page 4).

7.4.12. Changed title of 'Local Government Pension Scheme (LGPS)' section to 'Pension Contributions' and included more information about the scheme (see page 5).

7.4.13. Updated the 'Redundancy Payments and Payments on Termination' section to state that the Council will take into consideration the Government's statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK (www.gov.uk) and will implement any government changes to exit payments when they become law (see page 6).

7.4.14. The above statutory guidance is also referred to in section 9: Early Retirement and Severance on the Grounds of Business Efficiency (see pages 6 and 7) and section 10: Mutually Agreed Resignation Scheme (see page 7).

7.4.15. The pay multiples (Link 4) will be updated before 1 April 2023.

8. Consultation and Engagement

8.1. The Pay Policy Statement 2023/24 will be shared with Trade Unions.

9. Implications

9.1. Legal

9.1.1. The Council is required to produce and publish a Pay Policy Statement agreed by full Council each year, under Section 38 of the Localism Act (2011).

9.1.2. In addition, the Local Government Transparency Code (2015) requires information on organisational structure, senior salaries and pay multiples to be published annually each year.

9.1.3. This report and the accompanying Pay Policy Statement, with associated links in Annex 1, once approved and adopted ensures that Cheshire East Council complies with these requirements.

9.2. Finance

9.2.1. There are no direct financial implications associated with approving the updated Pay Policy Statement 2023/24 and no budgetary adjustments are proposed in relation to this report.

9.3. Policy

9.3.1. Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year. Whilst the Statement can be amended during the year should the need arise, in-year changes will be subject to the approval of the Monitoring Officer.

9.4. Equality

9.4.1. There are no direct equality implications associated with approving the updated Pay Policy Statement 2023/24, any potential implications relating to pay are addressed within the relevant pay policies.

9.5. Human Resources

9.5.1. Associated pay policies and HR support must comply with the Pay Policy Statement. Updates on the Workforce Strategy and workforce data are provided to the Corporate Policy Committee on a regular basis.

9.6. Risk Management

9.6.1. If the Council does not follow specific aspects of the guidance issued by DCLG and therefore does not achieve appropriate levels of openness and accountability, the Department for Levelling Up, Housing and Communities (DLUHC) (formerly the Ministry for Housing, Communities and Local Government) can take steps to require the Council to adapt particular policies.

9.7. Rural Communities

9.7.1. There are not direct implications for rural communities.

9.8. Children and Young People/Cared for Children

9.8.1. There are no direct implications for children and young people.

9.9. Public Health

9.9.1. There are no direct implications for public health.

9.10. Climate Change

9.10.1. There are not direct implications on climate change.

Access to Information	
Contact Officer:	Craig Hughes, Policy and Reward Manager Email: craig.hughes@cheshireeast.gov.uk Telephone: 01270 686307
Appendices:	Appendix 1 – Draft Pay Policy Statement 2023/24
Background Papers:	None

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Appendix 1

Pay Policy Statement 2023/24

www.cheshireeast.gov.uk

1. Introduction and Purpose

Under Section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38-43 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013, and guidance issued under the Local Government Transparency Code 2015.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its senior employees (excluding teaching staff, employees working in local authority schools and academies, and alternative service delivery vehicles) by identifying:

- The methods by which salaries of all employees are determined.
- The detail and level of remuneration of its most senior employees, i.e. 'Chief Officers', as defined by the relevant legislation.

"Remuneration" for the purposes of this statement includes three elements; basic salary, pension and all other allowances arising from employment.

Once approved by full Council, this policy statement will come into effect on the 1st April 2023 superseding the 2022/23 statement and will be subject to review on a minimum of an annual basis, the policy statement for the next year being approved by 31st March each year.

2. Background

In determining the pay and remuneration of all of its employees, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees in an increasingly competitive market who are able to deliver the Council's commitments and meet the requirements of providing high quality services, which are delivered effectively and efficiently and at times at which those services are required.

The Council complies with all relevant employment legislation and codes of practice. This includes legislation such as the Employment Rights Act 1996, Equality Act 2010, The Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the National Minimum Wage Regulations 2015. The Council seeks to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms and the application of key criteria, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. Senior Management ('Chief Officers') Remuneration

3.1 Principles

There are a number of overriding principles which govern the Council's approach to senior management reward:

- The policy will be affordable; with reward being commensurate with individual and corporate performance.
- Reward policy for senior post-holders will be transparent, clearly defined and readily understood.
- The policy will offer the flexibility to reward for job size, capability and market rates (where these may be relevant, with evidence).
- Reward for senior roles will be fair and proportionate by comparison to reward for the wider workforce.

3.2 Reward components

Reward will comprise basic salary and a range of benefits as follows:

- Basic salary: This is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual. For some jobs, this remuneration may increase by annual increments until the maximum of the grade is reached, i.e. Grade 13 and 14. These two grades contain three increments in each with annual incremental progression on the anniversary of the appointment.
- Benefits: The Council provides a range of benefits. The principal benefits are holidays and access to the Local Government Pension Scheme (LGPS). Further details can be found on the Council's website.

3.3 Job Evaluation and Banding

The Council uses the Hay Group job evaluation scheme to position roles into the Cheshire East Senior Management pay bands. The bands are linked to Hay Job Evaluation points ranges which have been determined as part of the Council's operating model.

4. Pay and Grading Structure

4.1 Senior Managers (JNC)

This defined pay structure determines the salaries of senior managers on JNC (Joint National Council for Chief Officers) conditions of service. A score is produced from the HAY job evaluation process which equates to a pay band on the Council's senior manager pay structure.

The current pay structure for senior managers who are on JNC conditions of service can be seen by accessing the pay and grading structure.

In addition, there is a very small number of public health employees who transferred under TUPE to the Council on NHS Pay and Terms and Conditions on 1st April 2013 and these employees remain on the terms and conditions of their previous NHS employer.

When applying the senior manager pay structure, for the purposes of this statement, the definition of Chief Officers is as set out in Section 43 of the Localism Act. The details of the salary packages are as follows:

Tier 1 (Chief Executive)

- The current salary package is £159,405

Tier 2 (direct reports to the Chief Executive)

- The salary package falls within a range of £123,679 to £140,283

Tier 3 (direct reports to Tier 2 managers)

- The salary package falls within a range of £80,955 to £109,180

4.2 NJC Employees

The NJC (National Joint Council for Local Government Services) agreed that from 1 April 2023, Spinal Column Point (SCP) 1 will be permanently deleted from the NJC pay spine. The NJC pay framework from April 2023 therefore comprises 44 salary points, between SCP 2 (£20,441 per annum) and SCP 45 (£57,129 per annum) for a full-time employee (based on a 37-hour week).

The current pay and grading structure for employees who are on NJC conditions of service can be seen by accessing the pay and grading structure.

5. Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of Chief Officers is set out in the Council's Constitution and is undertaken by the Appointments Committee in accordance with arrangements set out in the Constitution (see Chapter 2). Full Council approval will be sought in relation to decisions affecting the remuneration of any new post whose remuneration is or is proposed to be or would become £100,000 per annum or more.

Key statutory posts (Head of Paid Service, Section 151 Officer and Monitoring Officer) are Council appointments.

When recruiting to all posts, the Council will take full and proper account of all provisions of relevant employment law and its own Recruitment Policy and Procedure, Disability Confident commitment, Hidden Disabilities Sunflower Scheme Employer, Mindful Employer, Redeployment Procedure and Equality in Employment Policy.

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and in line with this Pay Policy Statement. New appointments will normally be made in accordance with the JNC pay structure, any variation to this approach will be by exception and based on objectively justified criteria supported by appropriate evidence. An appointee's existing pay and their relevant experience and qualifications may be included in any consideration but would need to take account of any equal pay implications that could arise within the Council.

From time to time, it may be necessary to take account of the external pay levels in the labour market and to pay market related supplements in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such additional payments is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Any such payments will be reviewed at least annually to ensure their ongoing suitability and appropriateness.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, put in place the most effective arrangements to engage individuals. These arrangements will comply with HMRC IR35 requirements, relevant procurement processes and ensure the Council is able to demonstrate maximum value for money.

6. Additions to Chief Officers' Salaries

The following payments can be applied to Chief Officers' salaries:

- Returning and Deputy Returning Officers' Fees
- Travel Allowances and Expenses
- Salary Sacrifice Lease Car Scheme (only applicable for salary sacrifice vehicles ordered before 7th September 2020 as this scheme ended on 15th September 2020)
- Relocation Expenses
- Professional Fees and Subscriptions

Further details of Additions to Chief Officers' salaries are published in the Council's Transparency Data and in the Statement of Accounts.

7. Pension Contributions

Eligible employees are automatically enrolled into the Local Government Pension Scheme (LGPS). The Council is required to make a contribution to the scheme based on a percentage of the pensionable remuneration due under the contract of employment of that employee. The employer contribution rate is set by the Actuary advising the Cheshire Pension Fund (the name of the LGPS in Cheshire) in order to ensure the scheme is appropriately funded. Employee contribution rates are set in bands and are defined by statute.

Details of the Local Government Pension Scheme discretions exercised, contribution bands, actuarial rates and discretions policy application are available.

8. Redundancy Payments and Payments on Termination

The Council's policy on compulsory redundancies, including redundancy payments, is set out in the Organisational Change Policy and Procedure. If employees have two or more years' service, they may be entitled to a redundancy payment. The payment is based on the statutory formula (on actual weekly pay). Any overtaken leave/flexi will be deducted from their final salary. Where there is an outstanding leave entitlement, this must be taken during their notice period and before their employment ends.

In order to minimise the need for compulsory redundancies and in conjunction with other measures, e.g. restricting recruitment, the Council may consider requests from employees to be made redundant (voluntary redundancy). Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the statutory formula (on actual weekly pay) plus an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 week's pay.

The Council's current approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age and for those eligible for retirement, is set out in the Leaving the Council Policy & Procedure and in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Local Government Pension scheme Regulations 2007.

All payments under this section are subject to the approval process set out in the Organisational Change Policy & Procedure and the Leaving the Council Policy & Procedure.

The Council reserves the right to change all discretionary elements. The Council will also take into consideration the Government's statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK and will implement any government changes to exit payments when they become law.

9. Early Retirement and Severance on the Grounds of Business Efficiency

In line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council also operates a voluntary scheme to facilitate early retirement or severance on grounds of business efficiency to enable the Council to continue to achieve effective use of resources and provide value for money. The terms of this are set out in the Leaving the Council Policy and Procedure and due consideration will again be given to the statutory guidance on exit payments.

10. Mutually Agreed Resignation Scheme (MARS)

The Council has operated a Mutually Agreed Resignation Scheme (MARS) which enables individual employees, including Chief Officers, in agreement with the Council, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This scheme creates resourcing flexibility to avoid compulsory redundancies in future, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas. MARS is non contractual and has no pension liabilities. A decision is taken each year whether to run the scheme by the Chief Executive and due regard will again be given to the statutory guidance on exit payments.

11. Settlement Agreements

The Council uses settlement agreements for all voluntary redundancies/severance and MARS severance payments, for all employees, including Chief Officers. The use of settlement agreements on this basis minimises any risk of future claims against the Council and can ensure that any threatened or pending legal proceedings and their associated legal costs can be avoided. The Council follows the current guidance for public sector settlement agreements in these circumstances.

12. Pay Multiples

The Council publishes a range of information to meet the Transparency Code requirements and has used the recommended formulae in the code guidance and Local Government Association (LGA) guidance to calculate the relationship between the rate of pay for the lowest paid, median and Chief Officers, known as pay multiples (to be updated).

13. Re-employment or re-engagement

Any decision to re-employ an individual (including Chief Officers) already in receipt of a Local Government Pension (with same or another local authority) will be made on merit, taking into account the use of public money and the exigencies of the Council.

In particular, the Voluntary Redundancy Scheme provides that former Cheshire East/Legacy Authority employees who left their employment on grounds of voluntary retirement, redundancy or severance will not be re-employed in any capacity, except in exceptional circumstances and subject to the agreement of the Head of HR in consultation with the Chair of the Corporate Policy Committee. Re-engagement includes all types of contractual relationships whether they are a contract of employment, contract for service etc. and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

14. Publication and access to information

Upon approval by full Council, this Statement will be published on the Council's website (www.cheshireeast.gov.uk). Additionally, in line with Code of Practice and Accounts and Audit Regulations, salary, allowances and bonus compensation and employers pension contributions will be published for:

a) Senior employees whose salary is £150,000 or more (who will also be identified by name).

b) Senior employees whose salary is £50,000 or more.

The Council will also publish, on an annual basis, Gender Pay Gap data in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Prepared by:	HR Policy and Reward
Date:	January 2023
Review date:	March 2024

Annex 1 – Links

All the relevant policies and procedures as referred to in the Pay Policy Statement can be found using the links in section 1 below. Please email hrcommunications@cheshireeast.gov.uk should you have any difficulties accessing this information.

Section 1: Additional information

Link 1 – Pay and grading structure for senior managers and employees

Link 2 – Additions to Chief Officers' salaries

Link 3 – Local Government Pension Scheme

Link 4 – Pay multiples (to be updated)

Statement of Accounts

Section 2: Internal intranet links to the further relevant policies, procedures and other relevant information

- Payment of a Market Supplement
- Pay and Allowances Policy
- Pensions Discretions Policy
- Organisational Change Policy and Procedure
- Leaving the Council Policy and Procedure
- Recruitment Policy and Procedure
- Mindful Employer
- Redeployment Procedure
- Equality in Employment Policy
- Relocation and Excess Travel Policy and Procedure

For those seeking to access copies of policies and procedures externally, please email hrcommunications@cheshireeast.gov.uk to request copies of the relevant documents.

Agenda Item 9

Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	9th February 2023
Report Title:	Appointment of New Member to the Independent School Admission Appeals Panel
Report of:	David Brown, Director of Governance and Compliance
Report Reference No:	CP/64/22-23
Ward(s) Affected:	All Wards

1. Purpose of Report

1.1. This report invites the Committee to consider the appointment of one individual to become a member of the Independent School Admission Appeals Panel.

2. Executive Summary

2.1 To consider the appointment of one individual to become a member of the Independent School Admission Appeals Panel.

3. Recommendations

3.1. That the Committee approve the appointment of one individual to become a member of the Independent School Admission Appeals Panel.

4. Reasons for Recommendations

4.1. Under s94 of the School Standards and Framework Act 1998, responsibility for making arrangements for appeals against the refusal of a school place rests with the admission authority of the school. The Local Authority is the admission authority of a number of schools in Cheshire East. The Local Authority also arranges appeals for other admission authorities under Cheshire East School Services (ChESS). Where the Local Authority is the admission authority, it must ensure that there are sufficient people appointed to sit on the appeals panel as and when required. By appointing additional panel members, the Local Authority will meet its statutory duty.

5. Other Options Considered

5.1. Not applicable.

6. Background

6.1. The Local Authority currently has a pool of people registered as panel members who are eligible to sit on the School Admission Appeals Panel

6.2. The Local Authority is constantly reviewing the number of people eligible to sit on these panels and periodically seeks to appoint new members where numbers have declined due to retirement or resignation.

6.3. The Local Authority has received an application from a prospective panel member. The applicant was interviewed and evaluated by a lawyer in the Legal Services Adults and Education Team and their appointment would be recommended. The applicant's details are not included in this report. If members require the personal details of the applicant to be disclosed and discussed at the meeting, the Committee will have to resolve to move into Part II as the information is exempt by virtue of paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to any individual).

6.4. All members of the School Admission Appeals Panel receive training before sitting on these panels.

7. Implications

7.1. Legal

7.1.1. The Local Authority has a legal responsibility to ensure that there is a sufficient pool of trained panel members, both lay members and educational members, to sit on Independent School Admission Appeals Panels to ensure that these Panels operate lawfully and follow due process.

7.2. Finance

7.2.1. There are no direct implications for finance.

7.3. Policy

7.3.1. There are no direct implications for policy.

7.4. Equality

7.4.1. There are no direct implications for equality.

7.5. Human Resources

7.5.1. There are no direct implications for human resources.

7.6. Risk Management

7.6.1. Panel decisions are potentially subject to an investigation by the Local Government and Social Care Ombudsman, Education Funding Agency and/or Judicial Review.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children and Young People/Cared for Children

7.8.1. There are no direct implications for children and young people.

7.9. Public Health

7.9.1. There are no direct implications for public health.

7.10. Climate Change

7.10.1. There are no direct implications for climate change.

Access to Information	
Contact Officer:	Brian Reed, Head of Democratic Services and Governance Contact email address: brian.reed@cheshireeast.gov.uk Work telephone number: 01270 686670
Appendices:	No Appendices
Background Papers:	Background papers relating to this report which are not exempt can be inspected by contacting the Contact Officer above.

Cheshire East Council

Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	9th February 2023
Report Title:	Medium-Term Financial Strategy 2023-27
Report of:	Alex Thompson – Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	CP/32/22-23
Ward(s) Affected:	All

1. Purpose of Report

1.1. This report presents the Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2023/24 to 2026/27. The Corporate Policy Committee is asked to consider the feedback from the budget consultation and recommend an annual balanced budget to the full Council meeting on 22 February 2023.

2. Executive Summary

2.1. 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.

2.2. In February 2021 the Council approved the Corporate Plan 2021-2025 which articulates the vision of how these services will make Cheshire East an Open, Fair and Green borough:

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

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

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

2.3. **Appendix B** summarises the Corporate Plan 2021-2025 on one page.

2.4. The Council operates a three-stage cycle to support its financial strategies, the stages are Plan, Monitor and Report. Progress against each element of this cycle is crucial to maintain sustainable services:

2.4.1. **Plan** – the Council presented a four-year balanced Strategy in 2022. In-Year performance identified inflation factors and service growth that exceeded the budget, putting pressure on reserves. As this was a national issue the Government made announcements that changes to funding levels would be made within the Autumn Statement and the Local Government Settlement. This delayed the start of the local consultation on the Council's proposed budget. Following further in-year analysis and final government announcements the Council launched the local consultation on 6 January 2023. Following consultation on the draft revenue budget for 2023/24 via all service committees and other stakeholders, net spending is proposed at **£353.1m**. The budget addresses spending challenges such as rising social care costs, exceptional inflation and increasing demand. Total capital investment aspirations of £0.7bn, including the associated borrowing requirements, are also identified over the next four financial years.

2.4.2. **Monitor** - the outturn position for 2022/23 is currently forecast to be an overspend of £7.7m. The forecast has been reported to each service committee, where action plans were presented to show intended mitigating responses. Following the approach in 2022, the overspend will be funded through use of the Council's Medium-Term Financial Strategy Earmarked Reserve in the first instance. The potential available balance for this purpose was reported to the Finance Sub-Committee as £5.2m. The potential remaining overspend of £2.5m would have to be met through General Reserves reducing the balance to £12.4m.

2.4.3. **Report** - the audit of the Council's accounts for 2021/22 remains incomplete due to a national review on the valuation of infrastructure assets. The draft accounts have been published which provided the information behind the outturn report for the year. The outturn report showed increases in reserves based on temporary underspending but identified prevailing financial pressure and risks, particularly in Social Care that are causing budgets to continue to rise in the medium-term.

2.5. The Medium-Term Financial Strategy contains the following headlines for the 2023/24 financial year:

- Overall net revenue spending on services is being increased by £25.4m to £353.1m in 2023/24, split as follows:

Adults (inc. Social Care / Public Health)	£136.3m
Children (inc. Social Care / Education)	£79.1m
Place (inc. Highways / Regeneration / Waste)	£84.4m
Corporate (inc, ICT / Customer Servs)	£41.0m
Central (inc. Capital Financing)	£12.3m
Total Net Revenue Budget	**£353.1m**

- Central Government unringfenced grants (including Revenue Support Grant) will increase by £2.8m overall to £26.8m.
- Funding from Council Tax will need to increase by £16.4m, to £271.1m. To provide this essential funding for local services it will require a proposed Council Tax increase of 4.99% from £1,626.24 to £1,707.39 for a Band D property. 2% (£5.1m) of the Council Tax increase relates to Adult Social Care and partially supports the forecast growth in demand.
- In response to concerns over the cost of living the Council Tax Support scheme was improved in 2022/23 to protect families on low incomes from council tax increases. Residents in the lowest income bands saw support increase from 75% to 80%, those on the lowest incomes, and in receipt of specified benefits, now receive 100% rebates. This is funded from Local Council Tax Support grant which was set aside for this purpose.
- Capital spending is forecast at £683.4m for the period 2023/24 to 2026/27 including £117.2m on school expansions and increasing SEN provision. £293.4m is provided for strategic Highways and Transport projects including Middlewich Eastern By-Pass and Poynton Relief Road. There is £205.5m on Economy and Growth projects including Crewe Town Centre £17.1m and Strategic development sites at £89.9m. There is further spending on Environmental and Corporate projects. The proposals also include inflationary uplifts for highways maintenance to ensure the increased activity to repair potholes continues as planned.
- General Reserves are forecast to be £12.4m (estimated closing balance for 2022/23).

2.6. The Medium-Term Financial Strategy has been developed during 2022 and the draft budget was published in full on 6 January 2023 for consultation with all stakeholders.

2.7. During the consultation there were 2,267 engagements, with additional feedback being provided by the Council's Committees. This is the largest response to any budget consultations that the Council has received. Annex 2b, within Appendix C, provides information on the responses. The most significant headlines from the feedback are summarised as follows:

2.7.1. Of the 122 proposals included in this year's MTFS, the vast majority (109 out of 122) seemed to be supported.

2.7.2. However, a handful of MTFS proposals either face strong net opposition, polarise resident opinion, are extremely nuanced, face strong localised opposition, or require more detail. Details of these proposals can be found in the Budget Consultation report (Appendix C, Annex 2b).

2.8. Changes made during the consultation period include:

2.8.1. **Corporate Policy Committee, Proposal 47: Shared Services Review – move to Hybrid Model**. Transformation costs have been capitalised to spread the costs of this project and release revenue budget savings of £0.5m.

2.8.2. **Environment and Communities Committee/Economy and Growth Committee/Highways and Transport Committee, Proposals 65/74/82/94/102/106: Pay inflation and Pension costs adjustment**. Reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.

2.8.3. **Economy and Growth Committee, Proposal 70: Cultural**. Increase of £8,000 in 2025/26 to reflect a more accurate forecast.

2.8.4. **Environment and Communities Committee, Proposal 80: Waste Disposal – Contract Inflation and Tonnage Growth**. £1m increase in expenditure in 2023/24 to reflect revised tonnages, fuel costs and value of recycled materials.

2.8.5. **Environment and Communities Committee, Proposal 89: Local Plan Review**. Reprofiled expenditure leading to reductions in spending of £34,000 in 2023/24, £135,000 in 2024/25, £270,000 in 2025/26 and £77,000 in 2026/27.

2.8.6. **Environment and Communities Committee, Proposal 91: Maintenance of Green Spaces**. Year one savings reduced by £0.5m to reflect a more managed transition towards the proposed changes.

2.8.7. **Environment and Communities Committee, Proposal 93: Libraries – Service Review**. Reduction of savings by £0.3m in 2023/24 and £44,000 in 2024/25 to support continued Saturday opening times and retention of the mobile library service.

2.8.8. **Environment and Communities Committee, Proposal 96: Restructuring Potential (Environment and Communities).** Reduction in planned saving in 2024/25 of £135,000.

2.8.9. **Finance Sub-Committee, Proposal 113 and 116: Use of Earmarked Reserve – MTFS Reserve and Transformation Reserve**. Variations reflect the approach to balancing the MTFS. Full details are included within the Reserves Strategy.

2.9. This report summarises the resolutions that Corporate Policy Committee are requested to recommend to Council at **Appendix A**.

2.10. This report also provides the Medium-Term Financial Strategy (MTFS) Report (containing the Budget that will be part of the recommendations) for the period 2023/24 to 2026/27 at **Appendix C**.

3. Recommendations

3.1. That Corporate Policy notes:

3.1.1. The year-end forecast outturn position for 2022/23 (**Appendix C, Section 2**).

3.1.2. The summary results of the Budget Consultation and Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2a and 2b**).

3.1.3. The report of the Council's Section 151 Officer, contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Section 151 Officer**).

3.1.4. The Council's Finance Procedure Rules remain unchanged and will always apply to ensure proper approval should any changes in spending requirements be identified (**Appendix C, Annex 14**).

3.2. That Corporate Policy Committee:

3.2.1. Recommend to Council the items at **Appendix A.**

4. Reasons for Recommendations

4.1. In accordance with the Budget and Policy Framework Rules of Procedure, Corporate Policy Committee has responsibility to recommend the Medium-Term Financial Strategy to Council for approval.

4.2. The recommended MTFS should be balanced to support the Council in its statutory duty.

4.3. The Council's Section 151 Officer reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, he is satisfied with the robustness of the estimates making up the Council Tax Requirement of £271,096,891. This is based on a total 4.99% Band D increase, which includes a 2% precept ringfenced specifically for Adult Social Care services and he is satisfied with the adequacy of the financial reserves for the Council. The S.25 statement of the Council's s.151 Officer is included on Page 15 of **Appendix C** and members should have due regard of this report in making their recommendations to Council or giving approval to recommendations at Council.

4.4. Further to the above statement it can be reported that the Medium-Term Financial Strategy Report 2023/24 to 2026/27 (**Appendix C**) is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience and viability of the Council in the medium-term.

5. Other Options Considered

5.1. The Council has a legal duty to set a balanced annual budget taking regard of the report from the Chief Finance Officer. Options cannot therefore be considered that would breach this duty. Any decision of the Committee must still recognise the requirement for Council to fulfil this duty.

5.2. There is no option to “do nothing” to support spending plans for the Council in 2023/24. The Council has statutory obligations to provide certain services, which would be unaffordable based on the latest forecasts if the Council failed to levy an appropriate Council Tax.

5.3. The Council will continue to explore options to provide financial benefits through efficiencies, enhanced digital services, process reviews and sale, transfer or leasing of surplus assets.

6. Background

6.1. 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 Financial Officer brings Members attention to the processes and risks associated with developing these estimates.

6.2. 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.

6.3. All councils are legally required to set a balanced budget each year.

6.4. The Budget Setting Process 2023-2027 has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels.

6.5. There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council’s financial position being taken to Corporate Leadership Team and all Committees throughout 2022/23. See **Appendix C, Annex 2** for further details of the process undertaken.

6.6. The MTFS Report provides financial background as well as setting out further details of the ongoing approach to funding the priorities set out in the Corporate Plan. It highlights the spending plans and income targets for the financial year starting 1 April 2023, as well as forecast estimates up to the 2026/27 financial year.

6.7. The Corporate Plan is a key strategic document for the Council, setting the vision and objectives for the whole organisation. It is a vital part of the Council's performance management framework and how the Medium-Term Financial Strategy is delivered. The MTFS aligns resources to manage the costs associated with achieving the Council's vision.

6.8. The Corporate Plan is regularly reviewed by the Corporate Policy Committee where progress and achievements are noted. The Corporate Plan will continue to drive the Council's ambitions and priorities for the next three years.

6.9. The MTFS Report is based on the Provisional Local Government Finance Settlement for 2023/24. This was released on 19 December 2022. The final settlement is expected in early February 2023 with a debate by Members of Parliament in the House of Commons expected in mid-February (after the publication date of this report to Committee) to agree the position.

6.10. The MTFS Report continues to include estimated grant allocations in relation to several Specific Grants (**Appendix C, Annex 7**). These will be refined as appropriate in due course.

6.11. Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 22 February 2023.

7. Consultation and Engagement

7.1. The business planning process involved a series of events during 2022. Details of how this process was managed is included within **Appendix C, Annex 2**.

8. Implications

8.1. Legal

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

8.2. Finance

8.2.1. Please see all Sections of this report.

8.2.2. The S.25 Statement of the S.151 Officer provides information on the process and professional judgement of the Budget 2023/24. This is provided on page 15 of **Appendix C.**

8.3. Policy

8.3.1. The MTFS report outlines policy and budget proposals which will impact on service delivery arrangements.

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

8.4. Equality

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

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

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

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

8.4.4. 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.

8.4.5. The proposals within the MTFS include positive and negative impacts. A separate Equality Impact Assessment has been produced and is included in **Appendix C, Annex 3**.

8.4.6. Positive impacts include significant investment in services for children and adults (protected characteristics primarily age and disability). There is growth of £27.7m in Adult Services to protect current spending requirements to support individuals accessing care and provide new funding to manage the local impact of rising prices and an ageing population. There is also growth of almost £1.5m per year in Children's Social Care to provide protection and opportunities for younger people who need it.

8.4.7. There are a number of savings proposals which could have a negative impact on those with protected characteristics. Where this is the case, more detailed work on mitigation and consultation will take place before any decisions are made.

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

8.5. Human Resources

8.5.1. A number of the proposals will impact on staff. See **Appendix C, Section 1** for full list of change proposals.

8.5.2. Any restructures will follow the Council's established processed and will include consultation and engagement with staff and Trade Unions.

8.6. Risk Management

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

- The Council must set a balanced Budget.
- Setting the Council Tax for 2023/24 must follow a compliant process.
- The Council should provide high quality evidence to support submissions for external assessment.
- That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

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

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

8.6.4. See **Appendix C, Annex 4** for further information.

8.7. Rural Communities

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

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

8.8. Children and Young People/Cared for Children

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

8.8.2. See **Appendix C, Section 1**.

8.9. Public Health

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

8.9.2. See **Appendix C, Section 1**.

8.10. Climate Change

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

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

8.10.3. Also see **Appendix C, Annex 3** for further information.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) Email: alex.thompson@cheshireeast.gov.uk
Appendices:	Appendix A - Recommendations Appendix B – Corporate Plan (summary) Appendix C – Medium-Term Financial Strategy 2023-27 Budget Consultation Report
Background Papers:	Outturn Report 2021/22 (Finance Sub Committee Meeting) Medium-Term Financial Strategy 2022-26 Financial Update 2022/23 (Corporate Policy Meeting) Council 14 December 2022: Domestic Taxbase Report and Council Tax Support Scheme Medium Term Financial Strategy 2023-27 Consultation (launched 6th January 2023)

Appendix A

Recommendations to Council from Corporate Policy Committee: February 2023

That Council notes:

1 The Report of the Council's Chief Finance Officer (Section 151 Officer), contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Report from the Section 151 Officer**).

That Council, having given due regard to the report of the Chief Finance Officer, approves:

2 The Revenue estimates for the 2023/24 budget and the medium-term Capital Programme estimates 2023-2027, as detailed in the Medium-Term Financial Strategy Report (MTFS) 2023-2027 (**Appendix C**).

3 Band D Council Tax of £1,707.39 representing an increase of 4.99%. This is below the referendum limit (including 2% ringfenced for Adult Social Care) and arises from the provisional finance settlement (**Appendix C, Section 2**).

4 The 2022/23 planned use of Flexible Capital Receipts of £1.8m to fund transformational projects within the Council (**Appendix C, Section 2**).

5 The allocation of Revenue Grant Funding for 2023/24 of £301.158m (**Appendix C, Annex 7**), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix C, Annex 7 (noting that all such variations will subsequently be reported to the appropriate Committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution)

6 The allocation of Capital Grant Funding for 2023/24 of £89.754m (**Appendix C, Annex 8**), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix C, Annex 8 (noting that all such variations will subsequently be reported to the appropriate Committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution)

7 The Capital Strategy (**Appendix C, Annex 10**).

8 The Prudential Indicators for Capital Financing (**Appendix C, Annex 10**).

9 The Treasury Management Strategy (**Appendix C, Annex 11**).

10 The Investment Strategy; including the financial limits for various classifications of investment, and the investment decision making process set out in the Strategy (**Appendix C, Annex 12**)

11 The Reserves Strategy (**Appendix C, Annex 13**), which includes proposed movements to and from reserves.

12 The amendment to Key Decisions as defined in the Constitution and the financial limits to be included within the Council's Finance Procedure Rules (**Appendix C, Annex 14**).

13 The proposal, subject to Regulations being passed following the Levelling-Up and Regeneration Bill, to implement a premium second homes of up to 100% and to amend the timing of the premium on empty and unoccupied property with effect from 1 April 2024; and

That Council recognises that Corporate Policy Committee noted:

14 The year-end outturn forecast position for 2022/23 (**Appendix C, Section 2**).

15 The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2a**).

16 The results of the Budget Consultation **(Appendix C, Annex 2b).**

Appendix B

Our Vision An open, fairer, greener Cheshire East

Open

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

Fair

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

Green

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

Our Priorities

An open and enabling organisation

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

A council which empowers and cares about people

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

A thriving and sustainable place

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

Our Values

- We are **flexible**
- We **innovate**
- We take **responsibility**
- We deliver the **service** that customers need
- We use effective **teamwork**

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Cheshire East Council
Medium-Term Financial Strategy
2023-27
Executive Summary

February 2023

An Open, Fairer, Greener Cheshire East

Cheshire East Council

www.cheshireeast.gov.uk

This document is available to download on the Cheshire East Council website. It will form part of the 9 February 2023 Corporate Policy Committee Agenda and will subsequently be distributed to all Members as part of the 22 February 2023 Council Agenda.

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

Contents

Executive Summary – Delivering Our Corporate Plan

Overview

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

The vision will be achieved by being a transparent organisation that cares for the people who need our support as we develop a locally sustainable place. The Corporate Plan that articulates the vision, and how we will make it a local reality, was approved by Council in February 2021.

The Council's Committees receive regular updates on the measures that highlight achievement of the Corporate Plan. It is clear from these updates that the Council continues to provide vital, innovative services that improve quality of life for local residents.

The Council's financial strategies focus on sustainability, whereby expenditure can be matched to achievable income over time. Population growth and inflation cause costs to increase, and this leads to routine prioritisation of the Council's resources.

Cheshire East is the third largest Council in the Northwest of England, responsible for approximately 500 services and with a population of nearly 400,000. Our gross annual spending is normally in the region of £700m and includes capital spending and costs funded direct from government grants such as Dedicated Schools Grant. Net spending reflects spending that is only funded from Council Tax, Business Rates and unring-fenced government grants and is approximately £330m.

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

Impact of National Economic Factors

The Council is significantly exposed to national economic changes. Increasing prices impact the Council's contracts and bills, increasing complexity in demand also contributes to driving up costs. Once the annual budget is set the Council must rely on achieving financial targets or using reserves to manage risks. The Council has historically had limited reserves due to the level of spending required on front line services, as such the national financial challenges are causing significant financial stress.

The legacy of the pandemic continues to be felt across the whole borough. In financial terms the removal of lockdown restrictions and an end to emergency financial support has not led to any period of stability. In fact, the opposite has been true with inflation rising to 11%+ compared to a national target of 2%, and interest rates rising from 0.5% in February 2022 to 3.5%.

The MTFS approved in February 2022 was balanced for a four-year period, whilst still recognising emerging risks inherent with demand led services. These forecasts allowed for growth in essential services such as Social Care and Waste Services. But the forecasts were significantly understated when reviewed in light of the national economic factors referred to above.

To deal with revised spending forecasts the Council must increase income from taxation and charges as well as making savings even in statutory services. Although this is an extremely challenging scenario the Council must produce a balanced budget whilst protecting vulnerable residents.

The Council also has highly ambitious plans to regenerate the area and provide improved infrastructure that supports economic wellbeing. These plans align to the Council's ambition to be greener and promote sustainable development. But spending on major road and town centre projects is also subject to high inflation and increased borrowing costs.

Medium-Term Financial Pressure

Over 60% of the Council's net budget is spent on providing support for Adults and Children based services. Such services are demand-led and continue to be increasingly complex. Although there are relatively low numbers of service users, compared to the population of Cheshire East, the Council has a responsibility to provide care and support and this is a priority within the Corporate Plan.

Housing and population growth also brings additional challenges for our key services such as increased education requirements, waste collection and disposal and highway maintenance. There is also inflation in the Council's contracts and annual pay costs.

Almost 95% of the Council's net budget is funded from local taxation due to very low levels of Central Government support. Central Government support for social care has been increased, recognising the crucial role of these services. However, future settlements from Government seem highly unlikely to provide increases that can match growth and inflation.

Government expects increasing costs, from growth in demand for services, and that this must be funded locally to achieve national core spending power forecasts. This creates pressure to continue to increase Council Tax levels. In recent years the Council has increased Council Tax specifically to fund the pressures in Adults' and Children's Social Care. The Local Government Association are clear that Council Tax is not the long-term solution to funding.

Creating Financial stability over four years

To support the ongoing achievement of the Corporate Plan the Council has extended its financial strategy and continues to balance spending on services against resources over the next four years.

The headlines of the MTFS are:

- Increasing support for social care, to match rising prices and complexity, and continue with our safeguarding responsibilities:
    - **growth of £27.7m in Adult Services** to protect current spending requirements to support individuals accessing care. And provide new funding to manage the local impact of rising prices and an ageing population
    - **growth of almost £1.5m per year in Children's Social Care** to provide protection and opportunities for younger people who need it
- **Supporting Highways Maintenance spending of £65.6m** over the next four years, and providing additional funding for new infrastructure in Middlewich, Poynton and Crewe.
- **Supporting Town Centre Regeneration spending of £48.1m** over the next four years to promote job creation, as well as improved culture and leisure opportunities for residents.
- **Funding increased Home-to-School transport costs of £5.4m** over the next four years, but changing eligibility criteria to maintain a sustainable service.
- **Managing additional inflation pressures of £45.8m** relating to Waste Services, utility bills, staff pay and ICT contracts.
- **Committing £327.1m to major projects**, such as the by-pass for Middlewich, relief road in Poynton, Town Centre investment in Crewe, more special school places and investment in solar power and other important schemes across the borough.

- Supporting essential growth by **managing changes to services worth -£12.4m**, including:
  - Reduce Council offices space due to new working practices,
  - Prioritise library services, by keeping all libraries open, although with a reduction in some opening hours,
  - Following Government lead on bus subsidies, meaning inflation will not be funded, which will impact on availability
  - Introducing fairer but higher car parking charges across the borough to support maintenance of such facilities,
  - Introduce charges for Green Waste collection services in-line with most English Councils,
  - Enhancing digital services to provide a more modern customer experience but also reduce costs.

- Responding to the expectation from government of additional income from Council Tax in 2023/24 and 2024/25 that will increase Core Spending Power for the Council by 8.4% based on the Spending Review 2022 (England average +9.2%).

- **Council Tax will increase by 4.99% in 2023/24 and 2024/25** 2% (£5.1m) of the increase will be solely utilised to fund increasing costs within Adult Social Care. Forecasts repeat this approach in 2024/25, with increases of a further 2.99% each year after that (1% being related to Adult Social Care).

- **Council Tax Support will continue to protect families on low incomes** from Council Tax increases. Recent changes still allow households on low incomes to receive 100% in support.

- **Increasing the annual Capital Financing Budget from £19m to £22m by 2026/27** to support borrowing on major projects.

- **Investing Capital Receipts of £4m to support transformation** activity including implementation of the Digital Strategy and ICT Shared Services review. With more efficiencies expected in most transactional services that can support management and staffing reductions.

Table 1 shows that the impact of the above changes on the annual Revenue and Capital Budgets. Revenue spending on day-to-day services such as care and waste collection will increase by £25.4m. Capital spending on building and maintaining assets such as regeneration projects and roads is forecast to increase by £29.5m.

Table 1: Running costs (Revenue) and Investment in assets (Capital) are both increasing in 2023/24

Table 1	2022/23* Budget £m	2023/24 Budget £m	Change £m
Revenue Budget	327.7	353.1	+25.4
Capital Budget	185.2	214.7	+29.5

* Approved Permanent Budget as at Financial Update 2022/23

Net Revenue Budget 2023/24

- Funding for these changes comes from a combination of local and national income sources. Income is estimated to vary from 2022/23 as follows:
  - Increase in Council Tax levels (+£12.7m)
  - Increase in Business Rates income (+£6.2m)
  - Growth in Council Taxbase (+£3.7m)
  - Increase in RSG (+£0.4)
  - Increase in Social Care grants (+£7.2m)
  - Decrease in New Homes Bonus Grant (-£2.8m)
  - Other Specific grants (-£2.0m)
- Additional funding is being utilised to support each of the Council’s three priorities, to be Open, Fairer and Greener.

Table 2 shows how the extra funding is allocated across the Council's Committees. More funding is being targeted at demand led care services.

Table 2	**Change from 2022/23 Budget £m**	**2023/24 Budget £m**
Adults and Health	+15.3	
Children and Families	+5.6	
Corporate Policy	+2.6	
Economy and Growth	+1.7	
Environment and Communities	+3.9	
Highways and Transport	-0.9	
Total Service Budget		340.8
Central Budgets including: Capital Financing, Bad debt provision change, Capital Receipts	-2.8	
Total Central Budgets		12.3
Total Net Revenue Budget	**+25.4**	**353.1**

Capital Budget 2023/24 to 2026/27

The four-year capital programme includes investment plans of around £0.7bn. This is affordable through a mixture of Government grants, contributions from other external partners and Council resources.

- The forecasted funding sources are:
  - Government Grants (£321m / 47%)
  - Other external contributions (£104m / 15%)
  - Receipts from Council Assets (£37m / 6%)
  - Borrowing or Revenue Contributions (£221m / 32%)

- Expenditure is estimated in the following areas:
  - Strategic Highways Schemes (£296m)
  - Growth & Enterprise (£205m)
  - Children & Families (including Schools) (£118m)
  - Finance & Customer Services (£14m)
  - Environment & Neighbourhoods (£35m)
  - ICT (£15m)

Strategic Management of Reserves

The Council holds relatively low levels of reserves as funding has been utilised to maintain services. Reserves are retained to enable the Council to invest in opportunities and to manage exposure to financial risk over time.

The Council's Corporate Plan includes a priority to increase reserves, but the impact of rising inflation in 2022 is forecast to further reduce reserves levels instead. And there are still significant risks related to High Needs spending and the Private Finance Initiative that do not have financial cover. This position is not sustainable and the Council will seek to increase reserves by utilising any underspending and developing new opportunities to reduce expenditure in the medium-term.

The Council manages reserves over the medium-term for several main purposes:

- General reserves are held to manage in-year risks and opportunities across the medium-term. The strategy remains to increase these reserves in accordance with the Corporate Plan.
- Increasing General Reserves recognises that the Council's budget increases in the medium-term and forecasts in later years may be subject to change.
- Earmarked Reserves reduce annual risks associated with in-year fluctuations in spending as well as the management of the Capital Programme, Collection Fund and insurance cover.
- Earmarked Reserves will also be used to support service development and modernisation during the life of the MTFS.

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

Table 3	**Forecast Closing Balance** 2022/23 £m	**Forecast Closing Balance** 2023/24 £m	Change £m
General Reserves	12.4*	12.4*	-
Earmarked Reserves**	46.1	32.9	(13.2)
Total Revenue Reserves	**58.5**	**45.3**	**(13.2)**

* Closing and Opening balances are dependent on outturn at 31 March 2023 (see Section 2: Forecast Outturn 2022/23)

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

The Reserves Strategy (**Annex 13**) provides detail on the reasons for holding General or Earmarked Reserves at current levels.

The Council is temporarily managing a negative Dedicated Schools Grant reserve, based on a national override of recommended accounting practice. This approach protects general Council reserves but is not a long-term solution. An unfavourable resolution to this temporary position could present significant risk to the Council's financial stability. The Council is taking part in the DfE led Delivering Better Value scheme, which is considering the approach to High Needs services. But this scheme is not expected to address existing deficits. Any emerging guidance on this will be reported to Members along with ongoing local mitigation measures.

A Listening Council

The budget report reflects the Council's ongoing commitment to transparency, engagement and consultation. The process to develop the MTFS reflects a priority to listen to residents and stakeholders. **Annex 2** provides further details on the process.

The stakeholder engagement process includes:

- Appropriate timescale that allows adequate engagement and sharing of Budget proposals.
- Regular elected Member involvement through committee meetings and virtual briefings.
- Stakeholder engagement via social media and an on-line consultation tool to gather feedback.
- Effective internal challenge processes including staff and trade union briefings.

In November 2022 the Council received headline details via the Autumn Statement of the government's spending plans. This late notification was a reflection of significant economic uncertainty.

Rising inflation and interest rates cause in-year budgets to be overspent and uncertainty causes delays in spending plans for the future. The Council's consultation process was therefore delayed until a full Medium-Term Financial Strategy could be developed.

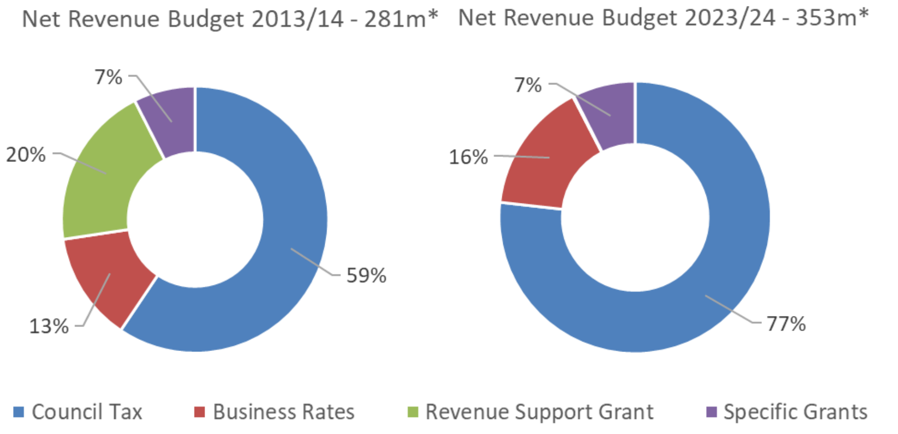
The detail of the settlement was only received on 19 December 2022 and confirmed the provisional funding allocations for 2023/24. The Settlement confirmed changes to the funding assumptions within the current MTFS as follows:

- Social Care Grant is £19.4m for 2023/24, includes £11.3m from 2022/23, plus funding recycled from the ASC charging reforms, and rolled-in Independent Living Fund (£0.8m).
- New Homes Bonus Funding of £3.8m for 2023/24
- Additional ringfenced funding for Adult Social Care for Market Sustainability and Improvement Fund (£3.4m) which includes the funding that authorities received for Fair Cost of Care in 2022/23, and the additional funding that was announced in the Autumn Statement 2022. Plus £1.2m Discharge Fund.
- Local government will be compensated for Government's decision to "freeze" business rates multipliers rather than increase by CPI via a combination of an uplift in Baseline Funding Level (3.74%) and cap compensation (6.36%).
- Lower Tier Services Grant (LTSG) has been abolished.
- Services Grant reduced by almost half, including removal of funding for the National Insurance Contribution increase.
- RSG was uplifted by 10.1% in line with CPI, but still only provides 0.1% of the Council's annual funding (and other items rolled in: Family Annex Council Tax Discount Grant and LCTS Administration Subsidy grant).

The Council is sought stakeholder feedback during January to inform the recommendations to the Council in setting the revised MTFS.

The proposals within the MTFS are affordable based on a Council Tax increase of 4.99% in 2023/24 and 2024/25 and 2.99% thereafter, which is in line with Government expectations. The Council is not proposing to exceed the referendum limit set by the Secretary of State.

Funding for the Council's Budget has changed a lot since 2013/14. Council Tax used to fund less than 60% of spending, but due to the loss of Revenue Support Grant it now funds over 75%.



Note: If the Council had increased spending in line with RPI inflation, and adjusted for population growth, the net budget in 2023/24 would be in excess of £420m, almost £70m higher than the current forecast.

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Cheshire East Council
Medium-Term Financial Strategy
2023-27

February 2023

An Open, Fairer, Greener Cheshire East

Cheshire East Council

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

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

The Council is facing financial challenges as expenditure on essential services has increased beyond the forecasts within the Medium-Term Financial Strategy. Inflating costs and demand have created the need for a review of service levels. Although the financial strategy presents a balanced position across a four-year horizon the level of change presents material risks. The balanced position relies on achieving each proposal within the strategy without delays. Low levels of reserves present limited scope to manage any unforeseen financial difficulties in the medium-term.

Government funding announcements have recognised that the most significant financial pressures are being seen within Adult Social Care. Such announcements also expect councils to take up any resources they have access to, such as Council Tax and charges for discretionary services. There is also a clear narrative that councils must demonstrate strong financial management and control, and that councils should not take unnecessary risks.

Responding to these circumstances requires that planned changes are technically accurate and are transparent for those impacted. Such changes must then be agreed and implemented effectively so that they achieve the intended outcomes. Many proposals within the MTFS require further consultation. This means that decisions may yet be subject to further options appraisals and require flexible approaches to still achieve the financial proposals in full.

The MTFS presents a set of proposals at a point in time, but the principles around good financial management remain important throughout the year. In-year changes to the proposals whether by choice or required by circumstances must comply with the Council's Constitution and adhere to the balanced budget requirement. Appropriate staff and Member induction, training and development remains important. This is relevant whilst the Council is currently experiencing relatively high numbers of vacancies and the fact the Council is holding all-out elections in May 2023.

Producing Robust Estimates

The process to produce the Council's Medium-Term Financial Strategy for 2023 to 2027 was appropriately delayed but also condensed. In-year financial pressure made it difficult to establish a clear baseline and national economic disruption made it difficult to establish meaningful future forecasts. As such all stakeholders were engaged later than has been the case in previous years. To mitigate this issue the MTFS was presented for consultation in full, taking account of up-to-date forecasts and near-final government settlement proposals. The quality of the information provided for consultation was therefore deemed adequate. The number of responses has exceeded any previous budget consultation which gives a further indication that the process and supporting material was adequate to provide meaningful consultation.

The process to develop the MTFS includes engagement with a wide array of stakeholders. The process included public Committee meetings as well as virtual briefings with elected Members and staff of the Authority. There have been presentations to businesses, Trade unions and partners alongside on-line public consultation.

Responses have been co-ordinated and are presented to Members in advance of the February Council meeting. Changes proposed for the 2023/24 budget are supported by business cases and equality impact assessments if required. Changes following consultation are reported to Members, along with suitable assurances.

The MTFS Strategy relies on the closing balances and performance within the 2022/23 financial year. In-year reporting to Members has identified the service areas that require the most urgent financial support to create a robust set of estimates for 2023/24 and beyond.

The highest cost increases have been seen in Adult Social Care where net spending is forecast to be £8.9m, or 7.3%, over budget. Market forces and increased complexity of care requires a targeted response. Growth proposals in Adults and Health exceed £30m for 2023/24 to provide budget for existing spending and future growth forecasts. Specific government funding has increased but despite this the Council's 2023/24 net budget still includes a 12.6% (£15.3m) increase in net spending for Adults and Health.

Children's Services are also experiencing ongoing additional demand. Home-to-school transport services have seen the highest increases from inflation and demand. Overall Children and Families budgets will increase by a net £5.6m.

The Council must consider new ways of working in both Adults and Children's services to ensure they remain affordable. This may impact on service users, meaning appropriate engagement will continue to be required. It is important to provide early assessment of performance to ensure changes are achieved in a timely way.

Place based services are severely impacted by inflation in utilities and fuel prices and by the increasing number of houses in the borough. Many proposed changes to Place based services will require further consultation and may impact on large numbers of service users. Both waste collection services and highways functions, including car parking facilities, require net reductions in expenditure. Proportionate reductions or revised charges are in evidence nationally and the Council must consider the local approach to creating sustainable local services in the same way.

All services are impacted by pay inflation and contract inflation. National wage inflation in 2022/23 was estimated at 6% and average council pay increases matched this. Government target inflation levels, of 2%, seem inappropriate for 2023/24 when recent OBR forecasts suggest inflation could be higher than 7%. Pay inflation at 5% is included within the 2023/24 budget, which I think is robust. The size and shape of the Council will need to be adjusted to remain affordable. Proposals for further efficiencies in staffing and non-staffing budgets will continue across the four year period.

The Capital Programme remains ambitious with £0.7bn forecast expenditure in the next four years. If spent evenly this would equal over £170m expenditure in each of the next four years. It is important to reflect that the Council has never exceeded capital spending of £120m in any year to date. The Council must therefore continue to refine this profile of spending to ensure it is realistic, manages expectations and avoids any risk of over-borrowing.

Several large infrastructure projects have required budget increases to allow for construction inflation that in some areas is nearly 20%. This includes providing inflation factors to the highways maintenance programme, which featured highly in the consultation response in 2021/22. The strategy to utilise the Financing Reserve to manage fluctuations in borrowing costs continues to be effective and will continue to support the Capital Financing budget.

Asset sales of £4m are forecast within the MTFS to support costs of transformation. This is dependent on such sales taking place and, although prudent, it is not a long-term strategy. Future planning cycles should aim to reverse this approach so that receipts are used to reduce borrowing costs instead.

To fund the overall net revenue budget growth of £25.4m (7.8%) Council Tax increases are included in the MTFS in-line with government expectations. The size of the national public sector deficit means national tax yields must increase and/or there must be grant funding reductions in the medium-term. Continued uncertainty in local government funding structures also presents a risk to the forecasts within the MTFS. Business Rate Retention, Fairer Funding, Adult Social Care Charging Reform, changes to the Environmental Act and Planning fees are all outstanding issues with potentially material implications for the Council's finances.

Changes to Council Tax levels and service levels are therefore appropriate to retain local sustainability during this period of national uncertainty. Implementing changes to services may be challenging but based on professional judgement they are feasible and achievable. Such changes will rely on appropriate consultation and governance, as well as clear and timely decision making.

The assumptions within the MTFS are based on appropriate up to date information and have been subject to stakeholder engagement and professional assessment. As such they present as robust a set of financial proposals as is practical in the circumstances.

Adequate Reserves

The Reserves Strategy sets out the impact of the MTFS on the Council's reserves. When considering if reserves are adequate, I have reflected on ongoing work by CIPFA to produce a resilience index as well as considering local and national risks.

Inflation has already caused overspending across most services. The 2022/23 budget was designed to deal with some inflationary pressures, particularly in utilities and transport, but those measures now appear inadequate. Inflation continues to be an issue.

General reserves were increased in 2022 from £11.5m to £12.6m. Further increases were planned to bring this reserve up to £14.9m (4.5% of the net revenue budget). This was positive progress towards a Corporate Plan target of £20m. However, financial pressure in 2022/23 is forecast to reduce the Council's General Reserve to as low as £7.2m (2.2% of the net revenue budget).

Reserves at this level would be inadequate based on the uncertainty of Council spending in the medium-term.

Earmarked reserves have also been reduced in 2022/23, with some only being utilised to mitigate in-year spending pressures. Reserves required during the next four years to support the Capital Financing Budget and Collection Fund are being protected due to the size and associated risks to those parts of the MTFS. This approach remains strategic but is also ultimately not sustainable in the long-term.

The Financing Reserve is required to support the annual capital finance budget. It is also there to manage abortive costs of capital projects that may not pass feasibility stages or are halted due to other constraints. If the reserve continues to reduce, then all such costs would fall to the in-year revenue budget.

The Collection Fund Reserve is important to protect against risks from revaluations, appeals and changing government policy. This is particularly relevant to ongoing government interventions in the business rates system. Use of this reserve may be reviewed in the medium-term depending on government reviews.

There are ongoing financial risks associated with High Needs Education and the Private Finance Initiative (PFI) that the Council may have to address in the medium-term.

Local High Needs spending, which is required to manage statutory responsibilities, is currently creating a negative reserve. This is only allowable due to an accounting override by the Department for Levelling Up, Housing and Communities (DLUHC). The Department may remove this override in as little as three years and the Council would have to manage the financial consequences locally. This change will be dependent on negotiation with DfE about future funding levels, but the risk is material, already forecast at £45m.

The Council is part of the DfE's Delivering Better Value programme but no reserves sit outside of general reserves for this work even though there is no indication that past deficits will be funded.

Negotiations continue with providers and relevant government departments in relation to the impact of the fire at the Beechmere Extra Care Housing facility in Crewe. There are no additional financial implications identified in relation to the PFI at this point. Although any transfer of costs or risks to the Council is not in keeping with PFI schemes the current contract is not running at full capacity due to the fire in 2019.

Low level, short term, variations in annual budgets are due to be managed through the MTFS Earmarked Reserve. However, to protect the level of General Reserves, any additional flexibility in the MTFS Reserve is forecast to be removed.

The MTFS reserve was reviewed by the Finance Sub-Committee, where up to £5.2m was highlighted as a potential closing balance in 2025/26. This amount will be transferred to General Reserves restoring them to £12.4m (3.5% of the proposed 2023/24 Net Revenue budget). This level of reserves remains low but is in-line with the Reserves Strategy approved in February 2022.
Although reserves are adequate to support the proposals within this four-year strategy, Members must recognise that risks to all proposals within the MTFS must be mitigated. Delays or changes in proposals being implemented are unlikely to have adequate financial cover from reserves. In which case such changes would be considered outside of the budgetary framework requiring further decisions to restore the balanced budget that is a legal requirement.

Conclusion

The Council is required to produce a balanced budget and must demonstrate adequate levels of financial management to maintain this position. Recently several councils in England have been subject to s.114 notices, particularly where financial controls have been inadequate. Such action restricts spending and usually requires government intervention and associated reductions in local decision making. This is an indication of the financial challenges being faced by local authorities. Achieving the proposals within this budget would provide ongoing evidence that the required levels of financial management are in place at Cheshire East Council.

Based on my engagement and observations of the process to determine a balanced budget for 2023/24 I can report that the budget presents a robust set of forecasts, subject to the achievement of proposals identified within this report.

Based on my assessment of the risks that the Council can currently value I am satisfied that the Reserves Strategy presents an adequate level of reserves as part of the MTFS. But there are unmitigated risks so additional flexibility from new income, or exceeding budget forecasts should be used to increase General Reserves in line with the Corporate Plan.

I will monitor the impact of the closure of the 2022/23 financial year, and review in-year performance to keep this assessment up to date. Achievement of the proposals in the MTFS is crucial to avoid potentially significant future changes to service levels.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

Director of Finance and Customer Services

(Chief Finance Officer - Section 151 Officer)

Table 1 – Four Year Summary Position

Estimated Budget and funding for Cheshire East Council 2023/24 to 2026/27 (excluding ring-fenced grants)

Summary position for 2023/24 to 2026/27	Revised Budget 2022/23 £m	Estimated Net Budget 2023/24 £m	Estimated Net Budget 2024/25 £m	Estimated Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m
Childrens	73.5	**79.1**	**82.0**	**84.6**	**87.9**
Adults	121.1	**136.3**	**142.4**	**147.2**	**152.3**
Place	79.6	**84.4**	**88.0**	**89.5**	**93.3**
Corporate	38.4	**41.0**	**42.0**	**40.2**	**41.1**
Total Service Budgets	312.6	**340.8**	**354.4**	**361.5**	**374.5**
CENTRAL BUDGETS:					
Capital Financing	19.0	**19.0**	**20.0**	**21.0**	**22.0**
Past Pensions Adjustment from Actuary results	-5.4	**0.0**	**0.0**	**0.0**	**0.0**
Income from Capital Receipts	0.0	**-1.0**	**-1.0**	**-1.0**	**-1.0**
Bad Debt Provision increase	0.2	**-0.6**	**0.0**	**0.0**	**0.0**
Use of (-) /Contribution to (+) Earmarked Reserve	1.3	**-5.0**	**-0.6**	**0.0**	**-2.2**
Total Central Budgets	15.1	**12.3**	**18.4**	**19.9**	**18.8**
TOTAL: SERVICE + CENTRAL BUDGETS	**327.7**	**353.1**	**372.7**	**381.5**	**393.3**
FUNDED BY:					
Council Tax	-254.7	**-271.1**	**-287.9**	**-299.6**	**-311.5**
Business Rate Retention Scheme	-49.1	**-55.3**	**-55.3**	**-55.3**	**-55.3**
Revenue Support Grant	0.0	**-0.4**	**-0.4**	**-0.4**	**-0.4**
Specific Unring-fenced Grants	-24.0	**-26.4**	**-29.1**	**-26.1**	**-26.1**
TOTAL: FUNDED BY	**-327.7**	**-353.1**	**-372.7**	**-381.5**	**-393.3**
Funding Position	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

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Section 1 – Context & Budget Proposals

Cheshire East Council is responsible for providing approximately 500 local public services across an area of over 1,100km^2 for over 398,800 residents.

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

For further information please see our borough profile.

The population of Cheshire East – Now and future

Population now

At the time of the 2021 Census the population of Cheshire East was **398,800 -** an increase of 28,700 from 2011

Cheshire East is the third largest local authority in the North West and 15th largest in England by population. The population has a nearly even gender split at 51% female and 49% male.

Households

2021

There are currently an estimated **174,856** households at the time of the 2021 census.

2038

By 2038 the number of households based on demographic trends will increase to **188,688** an increase of 13,832 or 8%.

By 2043 households in Cheshire East will look like…

Older (65+) Households	Single Occupant Households		Two or more dependent children
83,860	29,111 Male	37,073 Female	21,527

Population in 2038

	0 to 14	15 to 64	65+
	62,487 -4%	**226,440** -7.4%	**124,098** 39%
Cheshire East	15%	55%	30%
North West	16%	60%	23%
England	16%	60%	24%

The population of Cheshire East by 2038 is projected to be **413,025**

Biggest areas of growth are in the older population with the number of residents aged **70 plus** increasing to **94,918** a 48% increase from now and those aged **85 plus** to **22,016** an 83% increase from now.

Cheshire East will need to prepare to face the challenges presented by an ageing population, above the rate of the North West and England as well as dealing with a slowly reducing population that is of working age.


Our Residents
51%
are female
49%
are male.
17.5%
of Cheshire East residents have a long-term health problem / disability.
40,003
residents are 'unpaid carers', with 8,024 providing at least 50 hours per week.
Between the 2011 and 2021 Census, the average age of residents has increased from 41.9 years to
43.5 years
By 2030, the average age of residents is expected to further increase to approximately 47 years.
The proportion of Cheshire East residents who classed themselves as White British is
90%
8.3%
of Cheshire East residents were born outside the British Isles, with 4 % born outside the EU.
The most common non-British Isles countries for residents to have been born in are Poland and Romania
5%
of Cheshire East households have members for whom English is not the main language, and, in half of these households, no members have English as their main language.
We know that our population, when compared to the region and the UK has an older demographic profile.
We have fewer 'working age' and under 16s living in our area compared to North West and national averages. However, our 65+ population is larger than average. This brings additional pressures for us in ensuring we have the capacity to deliver services to our residents as they need them.
Whilst we have a smaller than average 'working age' population, more people are in work with a low unemployment rate (3.2%) - lower than regional and national averages and with a lower number of 'workless' households. Those who are employed earn higher than average earnings.

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These charts below show the change in spending projections (Chart 1) and funding (Chart 2), over the medium-term. Planned spending is forecast to increase across all committees which mirrors the current economic situation Councils are facing with higher inflationary costs and increased demand, particularly in services focused on providing social care. To help pay for this increase, and in-line with Government expectations, Council Tax is expected to rise annually. Business rates and unring-fenced grants are forecast to plateau due to the uncertainties around the future of the Business Rates Retention scheme and Central Government funding distribution decisions.

Chart 1

Spending is increasing for all services over the next four years

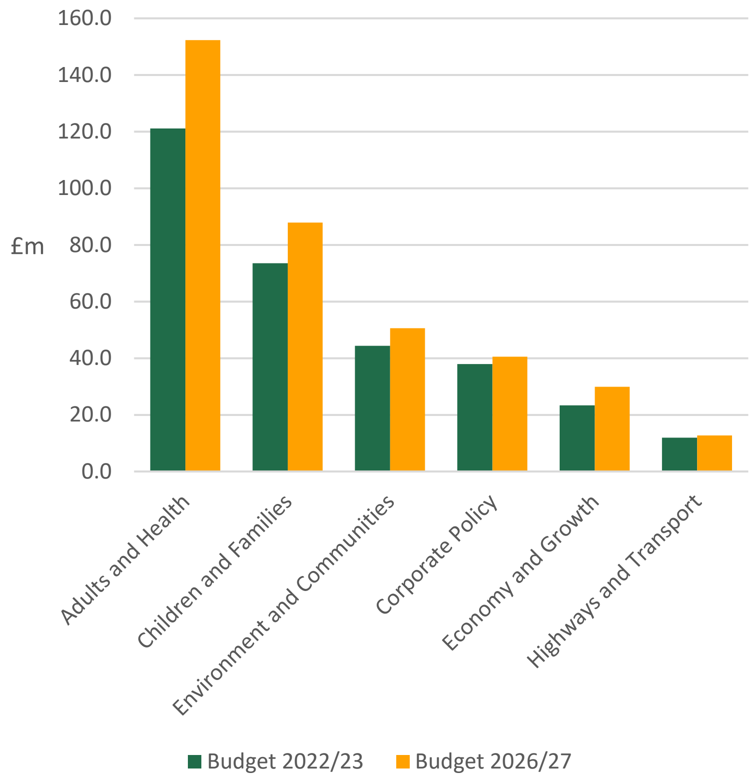
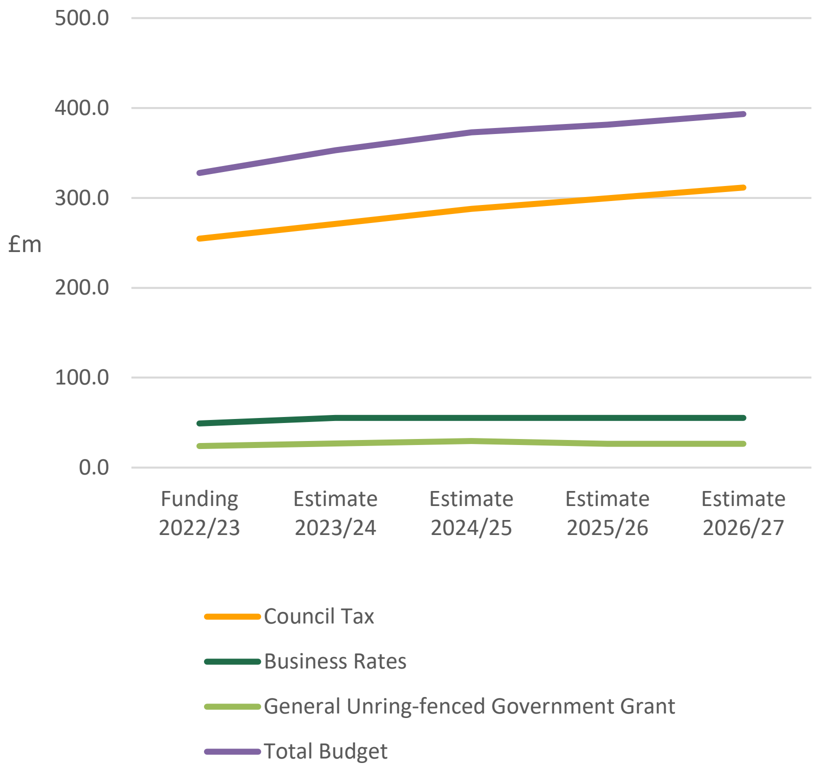


Chart 2

Funding from Council Tax supports most of the funding for local services



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Budget Changes for the Period 2023/24 to 2026/27

The tables below present a list of changes to the Council's 2022/23 Budget, and then further changes through to the 2026/27 financial year. The list shows the proposals related to each of the Council's Committees, which ensures ongoing transparency for monitoring and reporting of progress against each proposal. These items are described in more detail on pages 39 to 110. Figures represent the change in base budget in each financial year compared to the previous year.

Summary of Proposed Budget Changes – Committee Budgets	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Adults and Health Committee	**15.274**	**6.077**	**4.751**	**5.116**
Children and Families Committee	**5.623**	**2.880**	**2.619**	**3.282**
Corporate Policy Committee	**2.551**	**0.985**	**-1.762**	**0.865**
Economy and Growth Committee	**1.667**	**2.545**	**0.595**	**1.909**
Environment and Communities Committee	**3.968**	**-0.428**	**0.837**	**1.696**
Highways and Transport Committee	**-0.889**	**1.494**	**0.097**	**0.156**
Total Proposed Service Budget Change	**28.194**	**13.553**	**7.137**	**13.024**
Finance Sub-Committee	**-28.194**	**-13.553**	**-7.137**	**-13.024**
Funding Position	**0.000**	**0.000**	**0.000**	**0.000**

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MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	Adults and Health Committee		**15.274**	**6.077**	**4.751**	**5.116**
1	Demand in Adult Social Care - unit cost inflation	*NEW*	12.652	-	-	-
2	Demand in Adult Social Care - complexity	*NEW*	10.351	-	-	-
3	Investment in Adult Social Care	*MTFS 22-26 [34]*	5.400	7.600	4.000	4.000
4	Pay inflation	*MTFS 22-26 [3&4]*	3.155	1.269	1.089	1.116
5	Care Fee Uplifts in Adult Social Care	*MTFS 22-26 [35]*	2.000	-	-	-
6	Direct Payment (Personal Assistants) Uplift	*NEW*	0.691	-	-	-
7	Revenue grants for Adult Social Care	*NEW*	-3.600	-2.480	-	-
8	Home First Strategy - increased care at home capacity	*NEW*	-4.000	-	-	-
9	Pension Costs Adjustment	*NEW*	-2.082	-0.493	-0.517	-
10	Learning Disabilities Future Service Development and Review	*MTFS 22-26 [7 & 49]*	-1.750	-	-	-
11	Client contribution yield offsetting growth	*NEW*	-1.200	-0.800	-0.800	-
12	Home First Strategy - alternative care provisions	*NEW*	-1.000	-	-	-
13	Market Sustainability and Fair Cost of Care - Grant Income	*MTFS 22-26 [40]*	-0.979	-	0.979	-
14	Resettlement Revenue Grants	*NEW*	-0.850	0.850	-	-
15	Communities Team	*MTFS 22-26 [36]*	-0.750	-	-	-
16	Direct Payment - Audit Recoveries	*NEW*	-0.750	-	-	-
17	ASC Transformation Earmarked Reserve Release	*NEW*	-0.500	0.500	-	-
18	Maximisation of Supported Living	*NEW*	-0.369	-0.369	-	-

MTFS Section 1 Ref No	**Detailed List of Proposed Budget Changes – Service Budgets**	***Last MTFS Reference or New***	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
19	Productivity and Efficiency in Adult Social Care	*MTFS 22-26 [30]*	-0.271	-	-	-
20	Building Based Short Breaks	*NEW*	-0.250	-	-	-
21	Adults and Health Non-Essential Commissioning/Contracts	*NEW*	-0.245	-	-	-
22	Building Based Day Services	*NEW*	-0.229	-	-	-
23	Day Care Review	*MTFS 22-26 [38]*	-0.150	-	-	-

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	Children and Families Committee		**5.623**	**2.880**	**2.619**	**3.282**
24	School transport pressures	*MTFS 22-26 [62]*	4.000	-	0.600	0.800
25	Pay inflation	*MTFS 22-26 [3&4]*	3.059	1.230	1.056	1.082
26	Growth in Children's Social Care	*MTFS 22-26 [41]*	1.900	1.800	1.700	1.600
27	Recognise pressures in the Children's Social Care direct payments budget	*NEW*	0.743	-	-	-
28	Statutory Education Psychology Service	*MTFS 22-26 [47]*	0.600	-	-	-
29	Reverse travel savings	*MTFS 22-26 [29]*	0.430	-	-	-
30	Increase capacity to support statutory SEND service	*MTFS 22-26 [42]*	0.300	-	-	-
31	Household Support Fund Grant	*NEW*	-4.400			
32	Household Support Fund into the Council's base budget (funded from grant)	*NEW*	4.400			
33	Pension Costs Adjustment	*NEW*	-1.964	-0.465	-0.487	-
NEW1**	Delivering Better Value in SEND grant	*NEW*	-1.200	+1.200		
NEW2**	Delivering Better Value in SEND (funded from grant)	*NEW*	1.200	-1.200		
34	Use of Children & Families Transformation Reserve - estimated balance	*NEW*	-1.065	1.065	-	-
35	Integrated Children's Service Strategy	*NEW*	-0.950	-0.500	-0.200	-0.200
36	Holiday Activity Fund Grant	*NEW*	-0.900			
37	Holiday Activity Fund into the Council's base budget (funded from grant)	*NEW*	0.900			

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
38	Review of commissioned services across the Children and Families Directorate	*NEW*	-0.450	-0.100	-	-
39	Children’s Development and Partnerships Service	*MTFS 22-26 [50]*	-0.300	-	-	-
40	Early Help Redesign	*MTFS 22-26 [48]*	-0.200	-	-	-
41	Deliver the Family Hub model	*NEW*	-0.150	-0.100	-	-
42	Review of funding streams and income opportunities within Education and Skills	*NEW*	-0.230	-	-	-
43	Reduce Legacy Pension commitments	*NEW*	-0.100	-0.050	-0.050	-
44	Revenue costs for the Crewe Youth Zone (as above) aligned to Supporting Families Funding	*MTFS 22-26 [43]*	-	-	0.400	-
45	Early Help budget to support funding towards the Crewe Youth Zone	*MTFS 22-26 [44]*	-	-	-0.400	-

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	Corporate Policy Committee		**2.551**	**0.985**	**-1.762**	**0.865**
46	Pay inflation	*MTFS 22-26 [3&4]*	2.587	1.040	0.893	0.915
47 (consultation)	*Shared Services Review – move to hybrid model – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*0.892*	*0.231*	*-1.960*	
47 (revised)	Shared Services Review – move to hybrid model	*NEW*	0.390	0.343	-2.205	-
48	Revenue implications of capital: IT Procurements and Application Lifecycle Management	*MTFS 22-26 [27]*	0.511	0.084	0.006	-
49	Infrastructure Investment Programme	*MTFS 22-26 [25]*	0.239	0.023	-	-
50	Accelerate digital transformation / robotics and related Digital Savings	*NEW*	0.150	-0.150	-	-
51	Mitigation of reduction in the Dedicated Schools Grant	*MTFS 22-26 [15]*	0.122	0.136	-	-
52	Remove Commercial Workstream Income Target	*NEW*	0.100	-	-	-
53	Coroners Restructure Costs	*NEW*	0.060	-	-	-
54	Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	*MTFS 22-26 [5]*	0.013	-0.024	-	-
55	Pension Costs Adjustment	*NEW*	-0.996	-0.378	-0.396	-
56	ICT Operational Efficiencies	*NEW*	-0.310	-0.100	-	-
57	Reduce cost of Democracy	*NEW*	-0.135	-	-	-
58	Elections Act 2022 additional costs (funded by New Burdens grant funding)	*NEW*	-0.132	-	-	-
59	Elections Act 2022 additional costs (funded by New Burdens grant funding)	*NEW*	0.132	-	-	-

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MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
60	Revenue implications of capital: Vendor Management Phase 3 to drive improvements in procurement	*MTFS 22-26 [24]*	-0.089	0.071	-	-
61	Brighter Futures Together Programme Customer Experience	*MTFS 22-26 [19]*	-0.081	-	-	-
62	Across the board efficiencies, including procurement and income generation etc	*NEW*	-0.010	-0.010	-0.010	-
63	Review of leadership and management, including MARS and redefine 'core offer'	*NEW*	-	-0.050	-0.050	-0.050

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	Economy and Growth Committee		**1.667**	**2.545**	**0.595**	**1.909**
64	Assets - Buildings and Operational	*NEW*	2.480	3.119	0.423	1.481
65 (consultation)	*Pay inflation – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*1.217*	*0.486*	*0.418*	*0.428*
65 (revised)	Pay inflation	*MTFS 22-26 [3&4]*	1.437	0.486	0.418	0.428
66	Rates increase for Cheshire East properties	*NEW*	0.343	-	-	-
67	Rates increase from Collection Fund EMR	*NEW*	-0.343	-	-	-
68	Office Estate Rationalisation	*NEW*	0.210	-0.550	-0.150	-
69	Rural and Visitor Economy	*NEW*	0.165	0.045	-0.021	-
70 (consultation)	*Cultural – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*0.072*	*0.020*	*0.081*	-
70 (revised)	Cultural	*NEW*	0.072	0.020	0.089	-
71	Housing	*NEW*	-	0.035	-	-
72	Assets - Transactions	*NEW*	0.023	-	-	-
73	Inflation in Utility costs and enhanced Carbon Management	*MTFS 22-26 [57]*	-1.500	-	-	-
74 (consultation)	*Pension Costs Adjustment – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*-0.663*	*-0.157*	*-0.164*	-
74 (revised)	Pension Costs Adjustment	*NEW*	-0.675	-0.157	-0.164	-
75	Restructuring Potential	*NEW*	-0.387	-0.387	-	-
76	Investment in Public Rights of Way	*MTFS 22-26 [59]*	*-0.100**	-	-	-
77	Tatton Park	*MTFS 22-26 [52]*	-0.028	-0.046	-	-

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
78	Asset / Service Transfer	*MTFS 22-26 [51]*	-0.020	-	-	-
79	Transfer of Congleton Visitor Information Centre	*MTFS 22-26 [11]*	-0.010	-0.020	-	-

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	Environment and Communities Committee		**3.968**	**-0.428**	**0.837**	**1.696**
80 (Consultation)	*Waste Disposal - Contract Inflation and Tonnage Growth – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*3.998*	*1.189*	*1.030*	*0.871*
80 (Revised)	Waste Disposal - Contract Inflation and Tonnage Growth	*MTFS 22-26 [53]*	4.976	0.989	0.402	0.721
81	Pay Inflation – Wholly Owned Companies	*MTFS 22-26 [3&4]*	1.378	0.440	0.507	0.519
82 (Consultation)	*Pay inflation – CEC – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*1.250*	*0.503*	*0.431*	*0.443*
82 (Revised)	Pay inflation - CEC	*MTFS 22-26 [3&4]*	1.239	0.503	0.431	0.443
83	Planning and Building Control income	*NEW*	0.800	-	-	-
84	Environmental Hub maintenance	*NEW*	0.447	0.023	0.018	0.012
85	Review of governance of Council Wholly Owned Companies and seeking increased opportunities for savings / commercial opportunities	*MTFS 22-26 [20]*	0.240	-	-	-
86	Orbitas management fee uplift	*NEW*	0.175	-	-	-
87	Bereavement income	*NEW*	-0.175	-	-	-
88	Closed Cemeteries	*NEW*	0.093	0.005	0.005	0.005
89 (Consultation)	*Local Plan Review – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*0.070*	*0.390*	*0.110*	*0.110*
89 (Revised)	Local Plan Review	*NEW*	0.036	0.255	-0.160	0.033
90	Strategic Leisure Review	*NEW*	-1.291	1.056	-0.207	-0.037
91 (Consultation)	*Maintenance of green spaces – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*-0.900*	*-0.200*	-	-

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
91 (Revised)	Maintenance of green spaces	*NEW*	-0.398	-0.200	-	-
92	Review Waste Collection Service - Green Waste	*NEW*	-0.900	-3.150	-	-
93 (Consultation)	*Libraries - Service Review – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*-0.812*	*-0.244*	*-*	*-*
93 (Revised)	Libraries - Service Review	*NEW*	-0.519	-0.200	-	-
94 (Consultation)	*Pension Costs Adjustment – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*-0.640*	*-0.151*	*-0.159*	*-*
94 (Revised)	Pension Costs Adjustment	*NEW*	-0.676	-0.151	-0.159	-
95	Investment in improving the customer experience in Planning Services	*MTFS 22-26 [58]*	*-0.500**	-	-	-
96 (Consultation)	*Restructuring Potential – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*-0.500*	*-0.403*	*-*	*-*
96 (Revised)	Restructuring Potential	*NEW*	-0.500	-0.268	-	-
97	Review Closed Landfill Sites	*NEW*	-0.300	0.300	-	-
98	Move to a single contractor to maintain all Council owned green spaces	*NEW*	-0.075	-	-	-
99	Environment Strategy and Carbon Neutrality	*MTFS 22-26 [56]*	-0.061	-	-	-
100	CCTV	*NEW*	-	-0.030	-	-
101	Household Waste and Recycling Centres - introduce residency checks	*NEW*	-0.021	-	-	-

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Service Budgets	*Last MTFS Reference or New*	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	Highways and Transport Committee		**-0.889**	**1.494**	**0.097**	**0.156**
102 (Consultation)	*Pay inflation – SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	*0.440*	*0.177*	*0.152*	*0.156*
102 (Revised)	Pay inflation	*MTFS 22-26 [3&4]*	0.265	0.177	0.152	0.156
103	Local Bus	*NEW*	0.080	2.500	-	-
104	Highways	*NEW*	-0.579	-0.031	-	-
105	Energy saving measures from streetlights	*NEW*	-0.242	-0.243	-	-
106 (Consultation)	Pension Costs Adjustment *– SEE REVISED ITEM BELOW*	*Not Applicable – Item Replaced*	-0.220	-0.052	-0.055	-
106 (Revised)	Pension Costs Adjustment	*NEW*	-0.172	-0.052	-0.055	-
107	Restructuring Potential	*NEW*	-0.122	-0.132	-	-
108	Parking	*NEW*	-0.119	-0.725	-	-
Total Proposed Service Budget Change			**28.194**	**13.553**	**7.137**	**13.024**

** Item represented a one-off spend in 2022/23. As it is not a permanent part of the budget, the value of the proposal is reversed in 2023/24*

***NEW numbered items relate to additional proposals received since the publication of the Consultation Draft version of the Medium-Term Financial Strategy*

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Central Budgets	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	Finance Sub-Committee	-28.194	-13.553	-7.137	-13.024
109	Capital Financing – Minimum Revenue Provision	-	1.000	1.000	1.000
110	Pension Costs Adjustment	5.350	-	-	-
111	Bad Debt Provision adjustment	-0.800	0.600	-	-
112	Capital Receipts Income	-1.000	-	-	-
113 (Consultation)	*Use of Earmarked Reserves – MTFS reserve – SEE REVISED ITEM BELOW*	*-4.951*	*3.019*	*0.102*	*-3.754*
113 (Revised)	Use of Earmarked Reserves – MTFS reserve	-4.951	1.792	1.237	-3.527
114	Use of Earmarked Reserves – Collection Fund reserve	1.674	1.400	0.337	0.337
115	Use of Earmarked Reserves – Capital Financing reserve	-1.700	-	-1.000	1.000
116 (Consultation)	*Use of Earmarked Reserves – Transformation reserve – SEE REVISED ITEM BELOW*	*-0.100*	*-*	*-*	*-*
116 (Revised)	Use of Earmarked Reserves – Transformation reserve	-1.371	1.271	-	-
117	Council Tax - % increase	-12.709	-13.487	-8.567	-8.959
118	Council Tax – Base increase	-3.707	-3.354	-3.144	-2.875
119	Business Rates	-6.191	-	-	-
120	Unring-fenced Grants + Revenue Support Grant	-2.789	-2.775	3.000	-
Total Proposed Central Budget Items		**-28.194**	**-13.553**	**-7.137**	**-13.024**

Funding Position	**0.000**	**0.000**	**0.000**	**0.000**

Committee and Council Approval Meetings:

- Corporate Policy Committee and Council December 2022 (Taxbase and Council Tax Support Scheme)
- Corporate Policy Committee February 2023 (MTFS)
- Council February 2023 (MTFS & Budget Engagement response)

Committee Review during Consultation period:

- All Committees received the budget change proposals for their relevant area (January 2023)
- Corporate Policy Committee received feedback from service committees before recommending the budget onto full Council (February 2023)

Updates for staff on budget progress:

- Updates made available in Team Voice, on CEntranet and on the Cheshire East Council website.
- In-year staff updates on current budget pressures
- Manager Share and Support sessions on Finance (December 2022 & January 2023)
- Save Us Money campaign asking staff for budget saving and efficiency ideas

Engagement on the Budget

All Committee Review:

- Examination of in-year performance reports
- Finance training rolled out across all Committees to increase understanding and knowledge (November/December 2022)

Engagement events with stakeholder groups:

Including businesses, Trades Unions, Town and Parish Councils, other key partners, voluntary, community and faith sector, and the Schools Forum (January 2023)

These events highlighted how the Cheshire East Council budget will affect our stakeholders and help to answer questions they may have, to help us develop our relationship with our stakeholders and the wider community

Residents:

- Any comments? – Speak to your local Councillor
- Information included with Council Tax bills
- Media releases
- Digital Influence Panel
- Social media

Understanding the financial tables in this document

Budget changes in this document are expressed as **incremental changes** to the Council's Approved Budget for 2022/23.

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

Committee Policy Proposals	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[x] Number and Title of Budget change [reference from the MTFS 2022-26 or NEW] A narrative to describe what the proposal is *Impact on service budget =*	**-x.xxx**	**-x.xxx**	**-x.xxx**	**-x.xxx**
**Values represent a +/- variation to the* *Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Some proposals were already contained within the last MTFS 2022-2026. These have been referenced as such. Any new change proposals since February 2022 have been given a reference of NEW.

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

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

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

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

Figures here represent an increase or decrease in spending compared to the 2022/23 Approved Budget.

Each subsequent year then represents any change from the previous year.

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

Adults and Health Committee

Responsibilities of the Committee:

Membership: 13 Councillors

Functions

The Adults and Health Committee will be responsible for community welfare, public health and Adult Social Care services with a view to enabling all people to live fulfilling lives and to retain their independence. When discharging its functions the Committee shall recognise the necessity of promoting choice and independence.

The Committee's responsibilities include:

- Promotion of the health and well-being of residents and others.
- Determination of policies and making decisions in relation to people aged 18 and over (some young people up to the age of 25 may still be within Children's services as care leavers or with a Special Educational Needs and Disability) with eligible social care needs and their carers including:
  - Adult safeguarding, adult mental health, physical health, older people and learning disabilities and lifelong learning.
  - Determination of policies and making decisions in relation to Public Health in co-ordination with the Health and Wellbeing Board and the Scrutiny Committee.
  - Oversight of the Communities Strategy.
  - Provision and commissioning of domestic violence support services and quality assurance.
  - Prevent reporting and Channel Panel counter terrorism oversight.

Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorates of Adult Social Care Operations; Commissioning and Public Health including: Public Health, lifelong learning, health improvement and intelligence, Adult Social Care and safeguarding, Adult Mental Health and Learning Disability, Adult Social Care operations, Care4CE and commissioning of support for adults.

(Extract from Cheshire East Council Constitution – Dec 2021)

Executive Director Commentary:

The inflationary pressures affecting the whole of the economy have a bigger impact on Adult Social Care than the economy in general; the rate of pay inflation in the sector is higher than average, energy utilisation in care settings is very significant and fuel costs affect the cost of delivering domiciliary care. The budget proposals set out here reflect the need to identify ways of managing and addressing these pressures during 2023/24.

During 2022/23 Adults, Health and Integration faced additional costs driven by four factors: price increases for commissioned care, an increase in activity due to an increase in the number of people seeking, and eligible for social care, an increase in the complexity of need for individuals eligible for and receiving care and support, and continuing NHS hospital pressures to support discharge.

The 2022/23 budget strategy has been to reduce expenditure appropriately and contain costs wherever possible. This has been achieved by working with NHS partners, the voluntary sector, and providers to prevent people from being admitted to hospital, increasing our use of technology, working with the voluntary sector to delay the use of care provision, supporting unpaid carers to enable them to do more, and providing extra funding to domiciliary care providers to avoid the use of expensive residential and nursing care. This approach underpins the budget strategy for 2023/24.

In preparing the 2023/24 budget it is estimated that the growth requirement for Adult Social Care will be £23m based on forecast of demographic growth and the full year effect of the 2022/23 pressures. Some of this will be funded by the £6m growth already earmarked by the Council and built into the MTFS to address a growing ageing population and the increased complexity of need that is being experienced. The Council has also committed a further £2m increase in the departmental budget to meet the cost of price increases. In addition, Government is providing further specific grant of £4.6m to meet Adult Social Care pressures. However, the increase in Council funding and the additional grant funding is still not sufficient to offset the total cost pressures forecast by the Department and therefore additional measures to those already built into the MTFS will be enacted to achieve a balanced budget.

The 2023/24 budget strategy builds on the primary ambition to support people to be independent and remain in their own homes, increasing the use of technology, and working with the voluntary sector developing non-care, community-based support. Domiciliary care will be focused on the most personal elements of care. The department will work with colleagues in the NHS to implement the Home First approach to hospital discharge. In this context the plan focuses on returning to pre-pandemic levels of short-term bed usage. The department will also continue the implementation of its Learning Disability Strategy, moving away from buildings-based care provision to more personalised approaches for day opportunities and respite care and working with NHS colleagues seeking more sustainable approaches to meeting the long-term needs of working age people who draw on care and support.

There are some short-term and non-recurrent approaches built into the budget to enable a balanced position in 2023/24, including the ongoing use of grant to fund the work of the Communities Team in supporting people from Afghanistan and Ukraine.

The budget strategy contains several risks, including an assumption that the current level of grant will be available to fund the costs of supporting people from Afghanistan and Ukraine in 2023/24. It also assumes that the specific grant for Adult Social Care can be used to offset the growth and price pressures already being incurred rather than funding additional activity. It also assumes that growth in activity and prices have stabilised. A number of these proposals are subject to further formal public consultation.
The budget strategy for 2024 to 2027 is to deliver further cash savings and improve productivity to ensure a long-term sustainable service. It will build on the work of 2023/24, focusing on:

- investing in the employed and commissioned workforce to attract people to social care and create the opportunities for fulfilling careers in the sector;
- supporting people to be independent through investment in extra care and specialist housing to support people at all phases of their lives;
- increasing the use of technology and exploring the opportunities presented by the development of artificial intelligence to improve efficiency and productivity to free the people who work in health and care services to do the work only they can do;
- working in partnership with people who use services, carers, and colleagues in the NHS, voluntary sector and commissioned provider services to develop new ways of working and new models of care; and
- ensuring that we understand the impact and benefit of what we do so that we invest in services that deliver the outcomes people need in the most cost effective way possible.

Proposals to vary the Budget in the Adults and Health Budget are focused on these areas:

Adults and Health Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[1] Demand in Adult Social Care - unit cost inflation [NEW] Growth already experienced to be funded by the Council, arising from price increases in the commissioned care market. Inflation costs arising from the national economic position, specifically, the rate of pay inflation arising from the increase in the National Living Wage compounded by the constrained labour market driving up private sector pay, energy costs in residential and nursing care settings, and fuel costs for domiciliary care. *Impact on service budget =*	**+12.652**			
[2] Demand in Adult Social Care – complexity [NEW] Growth already experienced, to be funded by the Council, arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age. Cheshire East Council is experiencing an increase in the number of people seeking, and eligible for social care, and an increase in the complexity of need of individuals eligible for and receiving care and support. This is reflective of the long-term demographic forecasts, which anticipate a faster rate of growth in Cheshire East than the national average. *Impact on service budget =*	**+10.351**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Adults and Health Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[3] Investment in Adult Social Care [MTFS 22-26 [34]] Forecast growth, to be funded by the Council, arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age. Items 1 and 2 above reflect the real expenditure increases incurred by adult social care during 2022/23 up to November 2022. This future growth has been calculated with reference to relevant data from detailed population information including children reaching the age of 18 who will transition into adult services imminently and is shown for each year of the full MTFS period. *Impact on service budget =*	**+5.400**	**+7.600**	**+4.000**	**+4.000**
[4] Pay inflation [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. *Impact on service budget =*	**+3.155**	**+1.269**	**+1.089**	**+1.116**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Adults and Health Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[5] Care Fee Uplifts in Adult Social Care [MTFS 22-26 [35]] Forecast growth, to be funded by the Council, arising from price increases in the commissioned care market. *Impact on service budget =*	**+2.000**			
[6] Direct Payment (Personal Assistants) Uplift [NEW] It is proposed that the hourly Direct Payment Rate for people employing personal assistants be increased from £11.50 to £13.96 to meet the cost of their legal employer responsibilities, linked to increases to the National Living Wage. Care fee uplifts enable the Council to meet its statutory duties under the Care Act. *Impact on service budget =*	**+0.691**			
[7] Revenue grants for Adult Social Care [NEW] Specific grants for social care to address hospital discharge. The corresponding expenditure is reflected in the investment to Adult Social Care proposal 3. *Impact on service budget =*	**-3.600**	**-2.480**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

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Adults and Health Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[8] Home First Strategy - increased care at home capacity [NEW] It is proposed that, the Council works with the NHS to implement the Home First Strategy approach to hospital discharge, reducing the usage of short-term beds to pre-pandemic levels. This will be achieved, in part, by maximising the use of block booked beds and increasing care at home capacity. *Impact on service budget =*	**-4.000**			
[9] Pension Costs Adjustment [NEW] This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund. *Impact on service budget =*	**-2.082**	**-0.493**	**-0.517**	
[10] Learning Disabilities Future Service Development and Review [MTFS 22-26 [7&49]] It is proposed to develop alternative approaches to commissioned long-term care and support for people with a learning disability, in partnership with other local authorities and the NHS as appropriate. *Impact on service budget =*	**-1.750**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

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Adults and Health Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[11] Client contribution yield offsetting growth [NEW] Increase in income from client contributions arising from the inflation increase for pensions and benefits paid to individuals. Offsets against expenditure growth in proposal 3. *Impact on service budget =*	**-1.200**	**-0.800**	**-0.800**	
[12] Home First Strategy - alternative care provisions [NEW] It is proposed that, the Council works with the NHS to implement the Home First Strategy, increasing the use of technology, working with the voluntary sector developing non-care, community-based support, increasing support to carers, and focusing the use of domiciliary care on the most personal elements of care only. *Impact on service budget =*	**-1.000**			
[13] Market Sustainability and Fair Cost of Care - Grant Income [MTFS 22-26 [40]] Specific grant for Adult Social Care to support market sustainability, related offsetting expenditure is included within proposal 2. *Impact on service budget =*	**-0.979**		**+0.979**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Adults and Health Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[14] Resettlement Revenue Grants [NEW] Revenue grant that will fund the Communities team whilst they support refugees from Ukraine and Afghanistan. *Impact on service budget =*	**-0.850**	**+0.850**		
[15] Communities Team [MTFS 22-26 [36]] Our Communities Team will continue to expand the work it does supporting people to stay at home, reducing their reliance on care services, but in the short-term they will continue to support refugees from Ukraine and Afghanistan and this work will be funded from the ring-fenced specific grant. *Impact on service budget =*	**-0.750**			
[16] Direct Payment - Audit Recoveries [NEW] To recover further excess Direct Payments funds from people who hold a Direct Payment, in accordance with the Council's Direct Payment policy, via the completion of a telephone assessment. This increases the recovery budget from £1m per annum to £1.75m. It is envisaged that completing the exercise in this way will achieve three important outcomes: increased response rate, recovery of excess funds and revision to personal budget values. *Impact on service budget =*	**-0.750**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23]* *Subsequent years are the incremental change from the previous year*				

Adults and Health Committee Policy Proposals	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[17] ASC Transformation Earmarked Reserve Release [NEW] Release of Adult Social Care transformation reserve in 2023/24. *Impact on service budget =*	**-0.500**	**+0.500**		
[18] Maximisation of Supported Living [NEW] It is proposed that as part of the review of the Council's Learning Disability Service offer that we identify ways in which our Care4CE can provide care and support to improve value for money. This includes the review and maximisation of our Supported Living Networks. *Impact on service budget =*	**-0.369**	**-0.369**		
[19] Productivity and Efficiency in Adult Social Care [MTFS 22-26 [30]] It is proposed that further opportunities for shared posts and contracts with the NHS will be identified to take full advantage of the opportunities of integration to deliver improved quality and value for money. *Impact on service budget =*	**-0.271**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Adults and Health Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[20] Building Based Short Breaks [NEW] It is proposed that as part of the review of the Learning Disability service offer, and consistent with the strategy to move away from buildings-based care, the service at Warwick Mews is decommissioned. This will not affect individuals' rights or access to appropriate respite care provision. *Impact on service budget =*	**-0.250**			
[21] Adults and Health Non-Essential Commissioning/Contracts [NEW] It is proposed that a review of non-statutory and commissioned services is undertaken to identify less expensive means of service delivery or to reduce service provision. A review of a number of services including VCFSE infrastructure support and community grants (also see proposal 38) *Impact on service budget =*	**-0.245**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Adults and Health Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[22] Building Based Day Services [NEW] It is proposed that as part of the review of the Learning Disability service offer, and consistent with the strategy to move away from buildings-based care, the service at the Stanley Centre is decommissioned. This will not affect individuals' rights or access to appropriate day opportunities. Staff will be redeployed within Care4CE. *Impact on service budget =*	**-0.229**			
[23] Day Care Review [MTFS 22-26 [38]] Our vision for day opportunities is to support safe, purposeful and personalised activities that enable citizens to play a valued role in their community and to live as independently as they choose. Ensuring that vulnerable adults can access activities appropriate to their needs, and with choice and control is paramount. By ensuring that all day opportunities adopt a more personalised and flexible approach we can potentially reduce the level of expenditure and see more people take up Direct Payments. *Impact on service budget =*	**-0.150**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Children and Families Committee

Responsibilities of the Committee:

Membership: 13 Councillors

Functions

The Children and Families Committee will be responsible for those services which help keep children and young people safe and enable them to achieve their full potential. The responsibility incorporates matters in relation to schools and attainment, early help and family support and social care for children and families. The Committee will oversee the work of the Corporate Parenting Committee, which focuses on those children who are cared for by the local authority and for whom the Council has corporate parenting responsibility.

The Committee's responsibilities include:

- Determining policies and making decisions in relation to the delivery of services to children and young people in relation to their care, well-being, education and health.
- Discharging the Council's functions in relation to children in need and child protection including safeguarding and youth justice.
- Discharging the Council's functions and powers in relation to the provision of education and Schools Forum.
- Support to and maintenance of relationships with schools in relation to raising standards of attainment.
- The Council's role as Corporate Parent.
- Discharging the Council's functions in relation to Special Educational Needs and/or Disability (SEND).
- Discharging the Council's functions in relation to early help and family support;
- Making arrangements for the nomination of school governors.
- Provision and commissioning of domestic violence support services and quality assurance.

Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorates of Strong Start, Family Help and Integration, Education and 14-19 Skills and Children's Social Care including: Children's mental health, Prevention and early help, Children's transport, Children Service Development and Children's Partnerships, Commissioning of support for children, Cared for Children and Care Leavers, Child in Need and Child Protection, Children with Disabilities and Fostering, Children's Safeguarding, Education Infrastructure and Outcomes, Education Participation and Pupil Support, Inclusion and SEND.

(Extract from Cheshire East Council Constitution - Dec 2021)

Executive Director Commentary:

The Children and Families Directorate is responsible for delivering the Council's statutory duties and responsibilities in respect of children in need of help, support and protection and ensuring they have access to a high-quality education and learning experience.

These duties are spread across three directors for: Strong Start, Family Help and Integration, Children's Social Care and Education and Skills.

The Directorate brings together the Council's duties in relation to children identified and assessed to need help, support, protection, cared for by the Council and young people with care experience (leaving care service).

It includes a range of targeted services to support families and help to avoid the need for children to become ‘looked after’, together with Youth Justice Services and adoption services. 27% of the overall Children’s budget is committed to meeting the costs of care for our cared for children linked to the cost of placements.

The Education budget represents the Council's responsibilities for education and learning funded by the Dedicated Schools Grant (DSG) and Council’s revenue budget. The Council budget includes school admissions, place planning, home to school transport and school improvement.

Transport services make up 61% of the Education and Skills budget. 15% of the budget is given to support children with SEND such as short breaks and respite care. The remaining budget is for services such as attendance and education psychology. The service also supports inclusion and other groups of vulnerable children and the education of children looked after through the virtual school.

In addition to the £74.3m Council budget for the Children’s Directorate the service also oversees the £331m DSG budget of which £181m is given to academies and £74m is earmarked for Council-maintained schools. £76m is used by the Council and settings for education services such as admissions, early years education and special educational needs placements.

Despite growth allocated within the MTFS process, significant in-year pressures are evident. These are primarily a result of unforeseen inflationary impacts and increases in demand and are centred in the main, on children’s placements, post -Covid complexity of need and school transport budgets.

Whilst in-year mitigations and activity to avoid spend and reduce costs are in place, the forecast for the end of year is a deficit position. All indications are that demand, complexity and cost will continue to increase and therefore it is vital that the directorate and the service committee reviews its options to address the financial challenges for 2023/24 and beyond.

The Children’s Directorate is committed to increasing the pace of implementing reforms and service improvements to make financial savings by reducing demand for expensive, reactive services. We will consider savings proposals and decisions to refocus and realign non statutory services to both modernise and future-proof our delivery model and ensure that spend is delivering best outcomes for children and best value.

This includes:

- A review of commissioned services.
- A review of delivery models and buildings in line with the Family Hub model.
- A review of the leadership and wider structure.
- A refreshed sufficiency strategy for children’s placements with an ambitious programme to support children within their families where it is safe to do.
- Ongoing activity to avoid spend and reduce cost and support children to live close to home when they need care.
- Investing in capacity and innovative practice to support this agenda.

Proposals to vary the Budget in the Children and Families Budget are focused on these areas:

Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[24] School transport pressures [MTFS 22-26 [62]] This growth proposal reflects the increase in special education needs and disabilities (SEND) demand and increasing costs of fuel and contracts. This line includes removal of the temporary £1.2m investment in 2022/23 and factors in savings identified in the external review, the SEND review work and ensures travel support is provided in line with policy and statute. *Impact on service budget =*	**+4.000**		**+0.600**	**+0.800**
[25] Pay inflation [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. *Impact on service budget =*	**+3.059**	**+1.230**	**+1.056**	**+1.082**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[26] Growth in Children's Social Care [MTFS 22-26 [41]] This growth proposal reflects the ongoing budget pressures associated with support to prevent children coming into care and where they need care, finding suitable placements and reflects the significant increase in costs associated with this activity. The service has plans to open residential children's homes in 2023 and are forecasting a gradual reduction in reliance on external placements where they are identified to be high cost with low outcomes for children. *Impact on service budget =*	**+1.900**	**+1.800**	**+1.700**	**+1.600**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[27] Recognise pressures in the Children's Social Care direct payments budget [NEW] Direct Payments are used by local authorities to support children and adults with disabilities to access support to meet their needs. The approach operates within a preventative model and responds to need early, avoiding escalation into more costly care arrangements. Demand for direct payments in previous years has increased creating pressure on the budget. *Impact on service budget =*	**+0.743**			
[28] Statutory Education Psychology Service [MTFS 22-26 [47]] This growth proposal is to deliver the medium-term plan for the Educational Psychologists service to offset the increase in costs due to rising demand. *Impact on service budget =*	**+0.600**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[29] Reverse travel savings [MTFS 22-26 [29]] Reversal of travel savings that cannot be achieved whilst meeting statutory service delivery levels. *Impact on service budget =*	**+0.430**			
[30] Increase capacity to support statutory SEND service [MTFS 22-26 [42]] This growth proposal is in recognition that additional capacity is required due to the growth in the numbers of Education Health and Care Plans and the need to comply with statutory timescales. The growth is aligned to the management plan that the local authority is working on with the department for education. *Impact on service budget =*	**+0.300**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[31 & 32] Household Support Fund into the Council's base budget (funded from grant) [NEW] Recognising the impact of the grant in the Council's budget - and ensuring adherence to the grant conditions. *Additional Ring-fenced Grant income =* *Impact on Service Budget =*	 **-4.400** **+4.400**			
[33] Pension Costs Adjustment [NEW] This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund. *Impact on service budget =*	**-1.964**	**-0.465**	**-0.487**	
[NEW1&2[Delivering Better Value in SEND (funded from grant) [NEW] Recognising the impact of the grant in the Council's budget - and ensuring adherence to the grant conditions. *Additional Ring-fenced Grant income =* *Impact on Service Budget =*	 **-1.200** **+1.200**	 **+1.200** **-1.200**		
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

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Children and Families Committee **Policy Proposals**	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[34] Use of Children & Families Transformation Reserve - estimated balance [NEW] The Children's and Families Directorate is facing the challenging decision to remove funding allocated for service transformation to achieve a balanced budget for 2023/24. *Impact on service budget =*	**-1.065**	**+1.065**		
[35] Integrated Children's Service Strategy [NEW] This savings proposal is to reduce the establishment and realign service areas to maximise the offer to children and families by reducing duplication and delivering efficiencies in a leaner, integrated structure across the Children and Families Directorate. This will include a review of leadership structures and realising all opportunities including MARS and existing vacancies. *Impact on service budget =*	**-0.950**	**-0.500**	**-0.200**	**-0.200**
[36 & 37] Holiday Activity Fund into the Council's base budget (funded from grant) [NEW] Recognising the impact of the grant in the Council's budget - and ensuring adherence to the grant conditions. *Additional Ring-fenced Grant income =*	**-0.900**			
Impact on service budget =	**+0.900**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23]* *Subsequent years are the incremental change from the previous year*				

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Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[38] Review of commissioned services across the Children and Families Directorate [NEW] Ensure the service is receiving value for money from targeting our resources to maximise service impact. *Impact on service budget =*	**-0.450**	**-0.100**		
[39] Children's Development and Partnerships Service [MTFS 22-26 [50]] Refocus the service on priority areas including transformation activities, improvement and maximisation / delivery of grant funding. *Impact on service budget =*	**-0.300**			
[40] Early Help Redesign [MTFS 22-26 [48]] This savings proposal is to reduce the early help establishment by a redesign of Early Help Services into a locality model including developing a team around the school programme, aligned to school-based services. *Impact on service budget =*	**-0.200**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[41] Deliver the Family Hub model [NEW] This savings proposal is to identify budget reductions within the wider Children's Centre estate and is aligned to delivering the national Family Hub model to target our resources and maximise service impact where need is greatest. This will include a review of buildings and estates and partnership opportunities for income generation. *Impact on service budget =*	**-0.150**	**-0.100**		
[42] Review of funding streams and income opportunities within Education and Skills [NEW] This income generating proposal is to further review funding streams and saving opportunities across Education and Skills. This includes opportunities for traded service offers with schools and settings where there are potential areas for buyback as well as reviewing alternative approaches to service delivery. *Impact on service budget =*	**-0.230**			
[43] Reduce Legacy Pension commitments [NEW] Reduce legacy pension commitments in line with current forecasts. *Impact on service budget =*	**-0.100**	**-0.050**	**-0.050**	
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23]* *Subsequent years are the incremental change from the previous year*				

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Children and Families Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[44] Revenue costs for the Crewe Youth Zone (as above) aligned to Supporting Families Funding [MTFS 22-26 [43]] To develop a new Crewe Youth Zone, including an outdoor satellite site. The Crewe Youth Zone will provide a high-quality new build facility that supports young people to develop new skills and socialise in a safe, positive, and accessible environment, thereby demonstrating our investment in young people as valued citizens and vital users of our town centres. *Impact on service budget =*			**+0.400**	
[45] Early Help budget to support funding towards the Crewe Youth Zone [MTFS 22-26 [44]] Revenue funding for the Crewe Youth Zone aligned to and funded from Supporting Families funding. This will ensure we achieve targeted specialist support to our children and young people. *Impact on service budget =*			**-0.400**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee

Responsibilities of the Committee:

Membership: 13 Councillors

Functions

The Corporate Policy Committee will provide strategic direction to the operation of the Council by developing and recommending the Corporate Plan to full Council and making decisions on policies and practice where such decisions are not reserved to full Council.

The Committee's responsibilities include:

- Formulation, co-ordination and implementation of the Corporate Plan.
- Corporate policies and strategies, alongside the medium-term financial plan (budget) which is the responsibility of the Finance Sub-Committee. In the discharge of those responsibilities the Committee shall determine such matters to the extent that they are not reserved to full Council.
- Human Resources, Organisational Development and Health and Safety matters affecting the Council; including adopting HR policies and practices and assurance in relation to staffing related matters.
- Making recommendations to full Council in relation to the annual Pay Policy Statement and any amendments to such statement.
- Making recommendations to full Council in relation to decisions affecting the remuneration of any new post where the remuneration is or is proposed to be or would become £100,000 p.a. or more.
- Making decisions in relation to proposed severance packages with a value of £95,000 or more as appropriate (excluding contractual and holiday pay), subject to the need to obtain an approval from full Council and Central Government if required.
- Exercising the functions relating to local government pensions, so far as they relate to Regulations made under sections 7, 12, or 24 of the Superannuation Act 1972 or subsequent equivalent legal provisions.
- Determining key cross-cutting policies and key plans that impact on more than one service committee.
- Determining policy matters not otherwise allocated to any other Committee.
- Determining any matter of dispute or difference between any Committees.
- A co-ordinating role across all other committees and exercising a corporate view of outcomes, performance, budget monitoring and risk management.
- Determining any matter that has a major impact on a number of Council services or the Council as a whole.
- Oversight and monitoring of the Councillors' Allowances budget and keeping under review the scheme for the payment of allowances to Councillors through the appointment of an Independent Remuneration Panel (IRP) to advise full Council on the adoption and any proposed amendments to such scheme.
- Considering amendments to the Council's Constitution and the recommendation of any changes to full Council for approval except where specifically delegated to the Monitoring Officer.
- Considering recommendations and an Annual Report of the Council's involvement in ASDVs.
- Appointing representatives to serve on outside bodies and organisations (including education bodies and

establishments) and reviewing the process for considering appointments to outside organisations.

- Appointing Lay Members (who shall not be Councillors) to serve on the Independent Admissions and Exclusion Appeals Panel as required under the relevant legislation.
- Approving the payment of a reasonable and proper allowances and expenses for the work undertaken by the Council's Independent Persons

Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorates of Finance & Customer Services; Governance & Compliance Services and Policy and Change (Transformation) including the following functions: Finance, Customer Services, Legal, Governance and Compliance; Audit and Risk; Transactional Services; Business Change; Human Resources, ICT, Communications together with strategic partnerships and shared services.

The Corporate Policy Committee shall be entitled to exercise: any function of the full Council not otherwise allocated; as well as the functions of all other Committees and Sub-Committees, particularly where plans, strategies or activities straddle a number of Committees.

(Extract from Cheshire East Council Constitution - Dec 2021)

Executive Director Commentary:

The proposals seek to address the underlying financial pressures in Corporate Services. These relate primarily to the impact of pay inflation, the ongoing cost and income shortfalls across ICT and the TSC shared services and the increases in demand for enabling and support services required to deliver the Corporate Plan.

The proposed approach seeks to absorb and/or defer cost and demand pressures where possible, to offset employee costs through vacancy management, MARS and to look afresh at streamlining management and leadership, as well as continuing to pursue across the board efficiencies and reductions in non-essential spend.

There are proposals for a new model for ICT shared services to deliver a financially sustainable future through an invest to save change programme. This is subject to decisions being made by both Cheshire East and Cheshire West and Chester Councils in February 2023. Additional savings will be made in ICT through reductions in licenses, third party contracts and agency spend.

Early work in the Revenues and Benefits service has shown the opportunities available through digital transformation, use of robotics and artificial intelligence. There is an invest to save programme seeking to accelerate digital transformation and implement the Council's Digital Trategy.

The proposals also seek to reduce the costs of democracy through a review of the number of committees which can release savings in terms of Special Responsibility Allowances and deleting vacant posts. No additional inflation is assumed for Member Allowances in 2023/24.

Proposals to vary the Budget in the Corporate Policy Budget are focused on these areas:

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[46] Pay inflation [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. *Impact on service budget =*	**+2.587**	**+1.040**	**+0.893**	**+0.915**
[47] Shared Services Review – move to hybrid model [NEW] Delivery of an updated ICT Shared Services working model requiring initial joint investment of £5.11m of which £2.55m CEC share with view to delivering long term savings. £1.55m to be funded through capital, remaining amounts will be supported by flexible use of capital receipts. Member decision, currently expected in February 2023. ***Post Consultation - Transformation costs have been capitalised to spread the costs of this project and release revenue budget savings of £0.5m in 2023/24.*** *Impact on service budget =*	**+0.390**	**+0.343**	**-2.205**	
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23]* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[48] Revenue implications of capital: IT Procurements and Application Lifecycle Management [MTFS 22-26 [27]] Additional funding for the Council's key line of ICT business systems from initial procurement to implementation, maintenance and decommissioning. The benefits of robust Application Lifecycle Management (ALM) will be modern business systems that are secure, supportable and compliant. Elements that would have previously been capitalised now require revenue funding. *Impact on service budget =*	**+0.511**	**+0.084**	**+0.006**	
[49] Infrastructure Investment Programme [MTFS 22-26 [25]] To enable the delivery of a modern business architecture, including all core ICT infrastructure platforms, which underpin and support innovation, affordable frontline delivery and delivers a secure modern workplace with continued investment in security and compliance capabilities to protect against increased cyber threats. *Impact on service budget =*	**+0.239**	**+0.023**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[50] Accelerate digital transformation / robotics and related Digital Savings [NEW] Accelerate the Council's digital programme, reviewing services to maximise the use of digital through the end-to-end service. Includes an enhanced on-line offer for customers, extended use of robotics for automated processing, improved case management and electronic completion (such as e billing). Services impacted and savings realised will be council-wide not necessarily within Corporate Services. *Impact on service budget =*	**+0.150**	**-0.150**		
[51] Mitigation of reduction in the Dedicated Schools Grant [MTFS 22-26 [15]] The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises two distinct elements: ongoing responsibilities and historic commitments. The DfE have begun to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013/14, and which have been unwinding since. For CEC this impacts prudential borrowing repayments, budgets for ICT contracts and data intelligence. *Impact on service budget =*	**+0.122**	**+0.136**		
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[52] Remove Commercial Workstream Income Target [NEW] Income target relating to Adults Service not achievable. Income target sitting on a Corporate Services cost centre, growth required to eliminate it. *Impact on service budget =*	**+0.100**			
[53] Coroners Restructure Costs [NEW] Additional cost of Coroners Service staff to deal with backlog of cases and increased workload. Estimated costs based on figures in the Business Case which the Cheshire Coroner has prepared and submitted to the Chief Coroner. *Impact on service budget =*	**+0.060**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[54] Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels [MTFS 22-26 [5]] Improving debt collection will reduce income from court costs, which are already forecasting a budget shortfall. This is positive in many respects, although it does reflect an income deficit. The Council will continue to innovate with debt collection improvements that recognise the circumstances of those in debt. *Impact on service budget =*	**+0.013**	**-0.024**		
[55] Pension Costs Adjustment [NEW] This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund. *Impact on service budget =*	**-0.996**	**-0.378**	**-0.396**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[56] ICT Operational Efficiencies [NEW] ICT operational efficiencies including review and reduce software licenses, exploring options for moving capacity between locations and changes in ways of working, review agency posts as programmes / projects come to an end and skilling up or transfer in-house. *Impact on service budget =*	**-0.310**	**-0.100**		
[57] Reduce cost of Democracy [NEW] Review committee workloads against original design principles. Consider freeze on Member allowances. Reduce use of external venues, travel, expenses, printing. Review number of Committees through merging functions. ***Post Consultation – This proposal has been clarified to confirm the merger of the Public Rights of Way Committee within the responsibilities of the Environment and Communities Committee, and the merger of the Strategic Planning Committee within the responsibilities of the North and South Planning Committees.*** *Impact on service budget =*	**-0.135**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[58 & 59] Elections Act 2022 additional costs (funded by New Burdens grant funding) [NEW] Additional costs arising from Elections Act 2022 which introduces new duties on local authorities for the management and running of elections, with the first elections affected being the scheduled polls to be held on 4 May 2023. To be covered by new burdens grant funding. *Additional Ring-fenced Grant income =* *Impact on service budget =*	 **-0.132** **+0.132**			
[60] Revenue implications of capital: Vendor Management Phase 3 to drive improvements in procurement [MTFS 22-26 [24]] Continuing improvements to the Council procurement and contract management process have seen the rollout and adoption of a new system. The system, Atamis, is a cloud-based contract lifecycle management (CLM) solution across Cheshire East Council, by the Corporate Procurement Team. *Impact on service budget =*	**-0.089**	**+0.071**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[61] Brighter Futures Together Programme Customer Experience [MTFS 22-26 19] This proposal will contribute to the Brighter Futures Programme Customer Experience Workstream objective: to become a customer centric organisation that puts all our customers at the heart of the everything we do, reflecting their feedback in the design and delivery of services. *Impact on service budget =*	**-0.081**			
[62] Across the board efficiencies, including procurement, income generation etc. [NEW] Review end to end processes to make savings and avoid costs. *Impact on service budget =*	**-0.010**	**-0.010**	**-0.010**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Corporate Policy Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[63] Review of leadership and management, including MARS and redefine 'core offer' [NEW] Review the size and shape of the organisation, including leadership/ management/spans of control. *Impact on service budget =*		**-0.050**	**-0.050**	**-0.050**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Economy and Growth Committee

Responsibilities of the Committee:

Membership: 13 Councillors

Functions

The Economy and Growth Committee will be responsible for developing policies and making decisions on matters relating to delivering inclusive and sustainable economic growth.

The Committee's responsibilities include:

- Determination of policies and making of decisions in relation to housing management and delivery.
- Determination of policies and making of decisions in relation to economic development, regeneration, skills and growth.
- Development and delivery of the Council's estates, land and physical assets policies.
- Determination of policies and making decisions in relation to the rural and cultural economy.
- Compulsory purchase of land to support the delivery of schemes and projects promoted by the Committee.

Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorate of Growth and Enterprise including: Facilities Management; Assets; Farms; Economic Development; Housing; Rural and Cultural Management; Tatton Park; Public Rights of Way; Cultural Economy; Countryside; and the Visitor Economy.

(Extract from Cheshire East Council Constitution - Dec 2021)

Executive Director Commentary:

The proposals seek to address the underlying financial pressures in the Place Directorate. These focus on seeking to contain prices and cost inflation as much as possible, and by reducing energy usage and to cease non-essential maintenance and associated Facilities Management costs in council buildings.

In response to the impact of pay inflation, the focus will be to seek to offset existing employee costs through proactive vacancy management, prioritising statutory services and income generating roles. Through opportunities of restructuring seek to address better alignment of related services and management across Place, as well as continuing to explore and identify efficiencies and reductions in non-essential spend, and seek to end non statutory contracts. Identifying positive benefits by investing in training to increase numbers of apprenticeships and career graded roles where appropriate to support capacity.

The Directorate will continue to rationalise the Council's property portfolio, and to engage opportunities for additional income regeneration. Alternative community options will be explored.

Managing capacity with the prioritisation of resources within economic development and regeneration will enable capacity to be sustained and provide focus to maximise access to external funding options and programmes, whilst also engaging increasingly with partnerships, such as the Local Enterprise partnership (LEP)

Proposals to vary the Budget in the Economy and Growth Budget are focused on these areas:

Economy and Growth Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[64] Assets - Buildings and Operational [NEW] The cost of managing and maintaining the Council's buildings is increasing, particularly due to national inflation in utility bills. Cost increases cannot be avoided entirely, but to reduce the impact the Council will only spend on maintenance where there is a specific Health and Safety risk that must be mitigated. A review of occupancy levels will also restrict access to floors of buildings that can be left vacant to achieve further savings. *(Note: this proposal does not reflect changes under proposal 68 which relates to office rationalisation)* *Impact on service budget =*	**+2.480**	**+3.119**	**+0.423**	**+1.481**
[65] Pay inflation [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. ***Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.*** *Impact on service budget =*	**+1.437**	**+0.486**	**+0.418**	**+0.428**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

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Economy and Growth Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[66 & 67] Rates increase for Cheshire East properties [NEW] Non-Domestic Rates on Council properties are increasing due to uplifts in their rateable value. This additional budget requirement will be met from the Council's Collection Fund Earmarked Reserve. This approach may not be sustainable in the long term, but future reviews may be impacted by Government reviews of business rates or by changes to the size of the Council's overall buildings portfolio. *Impact on service budget =* *Contribution from Collection Fund Earmarked Reserve =*	 **+0.343** **-0.343**			
[68] Office Estate Rationalisation [NEW] Rationalisation of the Council's Office space buildings to reflect increased hybrid working, and to secure reduction of business rates and holding costs. Also targeting additional Carbon benefits in retained buildings. This proposal removes two pre-pandemic business cases related to neighbourhood and office buildings (£260k / £460k savings) and replaces them with a proposal to optimise the office estate only at this point. Key assets in the North and South of the borough will be retained and invested in to provide modern workplaces for staff, Members and stakeholders. Consultation will also consider the option to relocate Macclesfield Library to the nearby Town Hall. Surplus assets will be considered for alternative use to generate income through rental or a capital receipt. *Impact on service budget =*	**+0.210**	**-0.550**	**-0.150**	
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Economy and Growth Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[69] Rural and Visitor Economy [NEW] Provides additional funding to manage increased costs. This reflects inflation in the price of materials and the staffing required to maintain a statutory standard of upkeep to existing public rights of way, and to maintain heritage buildings within Tatton Park. *Impact on service budget =*	**+0.165**	**+0.045**	**-0.021**	
[70] Cultural [NEW] Provision of costs to support cultural framework required for regeneration projects across the borough, and safeguarding museum collections. ***Post Consultation – Increase of £8,000 in 2025/26 to reflect a more accurate forecast.*** *Impact on service budget =*	**+0.072**	**+0.020**	**+0.089**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Economy and Growth Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[71] Housing [NEW] Resources required to support Government initiative on new support for affordable housing scheme known as First Homes. *Impact on service budget =*		**+0.035**		
[72] Assets - Transactions [NEW] Savings are being removed from a planned restructure of the Estates Team due to ongoing levels of activity and capacity requirements. This impact will be mostly mitigated by fast tracking the disposal of available land and property via Auction which would potentially release assets quicker. Proactive management lease renewals and rent reviews will also focus on achieving enhanced income returns. *Impact on service budget =*	**+0.023**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Economy and Growth Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[73] Inflation in Utility costs and enhanced Carbon Management [MTFS 22-26 [57]] This saving removes a Growth Bid that funded expenditure in 2022/23. It related to increasing costs of energy on the wholesale market, which are as a result of factors outside the control of the Council, together with additional investment to support the Council's carbon neutral ambitions through energy efficiency in Council buildings. *(Note: Proposal 64 now reflects the impact of ongoing energy costs)* *Impact on service budget =*	**-1.500**			
[74] Pension Costs Adjustment [NEW] This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund. ***Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.*** *Impact on service budget =*	**-0.675**	**-0.157**	**-0.164**	
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23]* *Subsequent years are the incremental change from the previous year*				

Economy and Growth Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[75] Restructuring Potential [NEW] Vacancy management – slow down or don't fill posts across Place in non-statutory services / non-income generating posts. Reductions in staffing could result in statutory services responding more slowly where we can. Prioritise Economic Development and Regeneration resources and workload. Restructure and alignment of service areas. To note this is a cross cutting proposal across Place and therefore actual figures may change from one committee to another. *Impact on service budget =*	**-0.387**	**-0.387**		
[76] Investment in Public Rights of Way [MTFS 22-26 [59]] Growth bid to increase capacity in statutory Public Rights of Way and related service delivery, access improvement and management of sustainable access routes, including a) determination of Definitive Map Modification Order applications; and b) revenue budget allocation to match inflation for continued maintenance of assets. ** Item represented a one-off spend in 2022/23. As it is not a permanent part of the budget the value of the proposal is reversed in 2023/24* *Impact on service budget =*	**-0.100***			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Economy and Growth Committee Policy Proposals	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[77] Tatton Park [MTFS 22-26 [52]] These planned savings result from income and efficiencies generated through the investment programme in the facilities at Tatton Park, which will improve the visitor experience and reduce the overall subsidy the Council makes to Tatton Park. *Impact on service budget =*	**-0.028**	**-0.046**		
[78] Asset / Service Transfer [MTFS 22-26 [51]] The Council wishes to engage with Community organisations and Local Councils to explore opportunities to support service delivery and efficiencies for example through community asset transfers and partnership approaches to supporting services. Based on engagement with partner organisations we have reduced the savings target as a more deliverable target. *Impact on service budget =*	**-0.020**			
[79] Transfer of Congleton Visitor Information Centre [MTFS 22-26 [11]] Cheshire East Council has agreed a new operating model for Congleton Visitor Information Centre, with Congleton Town Council managing and operating the centre through the transfer of Visitor Information provision. *Impact on service budget =*	**-0.010**	**-0.020**		
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

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Environment and Communities Committee

Responsibilities of the Committee:

Membership: 13 Councillors

Functions

The Environment and Communities Committee is responsible for developing policies and making decisions on matters relating to the delivery of inclusive and sustainable growth, improving the quality of the environment and delivering improvement in key front line services.

The Committee's responsibilities include:

- Development and delivery of the Council's strategic objectives for Environmental Management, sustainability, renewables and climate change.
- The development and delivery of the Council's Environment Strategy and Carbon Neutral Action Plan.
- Development and delivery of the Local Development Framework including the Local Plan, Supplementary Planning Documents, Neighbourhood Plans, the Brownfield Land Register, Conservation Areas, Locally Listed Buildings, the Community Infrastructure Levy, and Statement of Community Involvement.
- Regulatory functions including external health and safety good practice and enforcement including instituting proceedings and prosecutions.
- Determination of policies and making decisions, in relation to waste collection and disposal, recycling, fly tipping, parks and green spaces, community strategy and community hub, leisure, libraries and sports development, bereavement services, trading standards, environmental health, emergency planning, CCTV, nuisance and anti-social behaviour, public space protection orders, community enforcement, animal health and welfare, food safety, licensing, pest control, contaminated land and air quality.
- Compulsory purchase of land to support the delivery of schemes and projects promoted by the Committee.

Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorate of Environment and Neighbourhood, including: the Planning Service; Environmental Services; Regulatory Services; Neighbourhood Services and Emergency Planning.

(Extract from Cheshire East Council Constitution - Dec 2021)

Executive Director Commentary:

Significant pressures have been observed in a number of places across the Environment and Communities budget, most notably in;

- Waste collection and disposal costs – this is due to inflation across both internal and externally procured prices, uncertainty caused by the lack of clarity around the National Waste Strategy and also the increase in fuel duty in 2022 which has had a significant impact on fleet running costs.
- Pay inflation – the nationally negotiated pay awards as well as being applicable to Council staff also apply across the wholly owned companies which collectively have large staffing establishments in their own right.
- Planning income – whilst a large volume of applications are received each year a high percentage of these are not major applications and hence the shortfall of income against target.

The initial part of the budget strategy for this area seeks to focus on containing prices and cost inflation as much as possible, through amongst other things enhanced financial monitoring, robust procurement activities and alternative ways of working.

Aligned to other areas of the Place Directorate the response to the impact of pay inflation, the focus will be to seek to offset existing employee costs through proactive vacancy management, prioritising statutory services and ensuring that income generation opportunities are maximised. Similarly, officers will work with the management teams of the Council's wholly owned companies to undertake the same exercise.

Through opportunities released by restructuring seek to address better alignment of related services and management across Place, as well as continuing to explore and identify operational efficiencies in how key frontline services interface. As part of any restructure there will be a focus on investing in staff development, whilst increasing numbers of apprenticeships and career graded roles where appropriate. This is to ensure organisational future-proofing and building in a greater level of resilience into staffing structures.

The key areas of focus for Environment and Communities will be;

- In line with neighbouring authorities the introduction of a subscription charge for kerbside collections of green waste;
- Review of grounds maintenance frequencies in line with other Local Authorities;
- Commercialisation opportunities to generate additional income for the Council;
- Avoiding closures but introducing weekday opening hours reductions across all libraries and;
- Undertaking a strategic review of leisure services looking at synergies with health provision.

Where appropriate opportunities exist to work with communities, Town and Parish Councils will be explored to direct deliver services at a local level.

Proposals to vary the Budget in the Environment and Communities Budget are focused on these areas:

Environment and Communities Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[80] Waste Disposal - Contract Inflation and Tonnage Growth [MTFS 22-26 [53]] Additional increase to existing MTFS proposal. This proposal protects the current frequency of bin collections, but also recognises that waste and recycling collection and waste transfer costs are forecast to be higher. This is due to increased waste tonnages driven by changing behaviours following the pandemic and an increase in demand from new housing. This results in increased vehicles and crews and increased fuel usage. In addition, a statutory change in fuel duty applied from April 2022. ***Post Consultation - £1m increase in expenditure in 2023/24 to reflect revised tonnages, fuel costs and value of recycled materials.*** *Impact on service budget =*	**+4.976**	**+0.989**	**+0.402**	**+0.721**
[81] Pay Inflation – Wholly Owned Companies [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff in the Council's wholly owned companies and reflects nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. *Impact on service budget =*	**+1.378**	**+0.440**	**+0.507**	**+0.519**
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Environment and Communities Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[82] Pay Inflation - CEC [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. ***Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.*** *Impact on service budget =*	**+1.239**	**+0.503**	**+0.431**	**+0.443**
[83] Planning and Building Control income [NEW] Reducing income levels, compared to previous forecasts, are causing financial pressure, which is being mitigated by an increase in the budget. There are proposals through national planning reforms to increase planning application fees by 25-35% that may mitigate this pressure in the future. But at present it is unclear when these increases will take effect. The national proposal is subject to consultation and legislative change. *Impact on service budget =*	**+0.800**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Environment and Communities Committee **Policy Proposals**	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[84] Environmental Hub maintenance [NEW] This facility is a key operational site used to support the Council's waste services. Since opening the facility the regular maintenance of this site has been funded from within the Council's Facilities Management budget. This is not a permanent solution for such an important site, so this proposal now fully reflects the ongoing increased costs of operating such a modern waste transfer station facility. This approach also ensures ongoing compliance with statutory environmental permits, specifically relating to the requirement for an odour control system. *Impact on service budget =*	**+0.447**	**+0.023**	**+0.018**	**+0.012**
[85] Review of governance of Council Wholly Owned Companies and seeking increased opportunities for savings / commercial opportunities [MTFS 22-26 [20]] The Council owns or partly owns several companies. A budget item from the 2021/22 year included cost savings from a review of company governance arrangements and seeking increased opportunities from commercial activities. Several changes have been made to the governance structures, but the work is not yet complete. This proposal removes some of the proposed savings from the MTFS at this point. This proposal recognises that funding is still required by the commissioning service, pending conclusion of the governance review and the refresh of company business plans for the medium-term. *Impact on service budget =*	**+0.240**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

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Environment and Communities Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[86 & 87] Bereavement income / Orbitas management fee uplift [NEW] The costs of running bereavement services by Orbitas (a wholly owned company of the Council) are increasing. The additional management fee can however be mitigated in full through forecast increases in bereavement income. *Bereavement Income Target =* *Impact on service budget =*	**-0.175** **+0.175**			
[88] Closed Cemeteries [NEW] Closed cemeteries are likely to be coming over to CEC as a statutory obligation to maintain - revenue implications relate to forecast costs of future annual grounds maintenance activities. *Impact on service budget =*	**+0.093**	**+0.005**	**+0.005**	**+0.005**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Environment and Communities Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[89] Local Plan Review [NEW] Costs to progress the Local Plan Review and the Waste and Minerals Local Plan. This figure does not account for the expected but currently unknown detailed legislative change. The required growth will be reviewed in the next MTFS cycle once the scope of the review is better understood. The Council will need to look forward to the adoption of the Local Plan in 2027/28. Risks include national policy changes and unexpected evidence/ studies that may be needed which cannot be costed for at the present time. ***Post consultation - Reprofiled expenditure leading to reductions in spending of £34,000 in 2023/24, £135,000 in 2024/25, £270,000 in 2025/26 and £77,000 in 2026/27.*** *Impact on service budget =*	**+0.036**	**+0.255**	**-0.160**	**+0.033**
[90] Strategic Leisure Review [NEW] Review of current leisure service provision, including buildings costs and subsidies for services across the borough. The first stage of the review will identify opportunities to reduce costs including options to co-locate with other Council services. As the second stage of the review, in 2023/24 the Council will start to progress commissioning of leisure services aligned to health needs, while implanting the appropriate oversight required to support access of Public Health funding. *Impact on service budget =*	**-1.291**	**+1.056**	**-0.207**	**-0.037**
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

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Environment and Communities Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[91] Maintenance of green spaces [NEW] An operational review aimed at looking at options for the reduction of existing maintenance regimes to parks, public open spaces and other green spaces - specifically but not limited to frequency of grass cutting, tree and flower bed planting and other related grounds maintenance activities. Opportunity to allow rewilding of specific areas and promote increase in biodiversity. ***Post consultation - year one savings reduced by £0.5m to reflect a more managed transition towards the proposed changes.*** *Impact on service budget =*	**-0.398**	**-0.200**		
[92] Review Waste Collection Service - Green Waste [NEW] Introduce subscription charging for green waste collections to align Cheshire East Council to circa 70% of other Local Authorities in charging for the kerbside collection and subsequent disposal of Green Waste. Average charges compared to neighbouring boroughs could raise as much as £4.05m per annum. Changes following consultation would also require significant communication and engagement with residents. Changes could require food waste to be placed in black bins. *Impact on service budget =*	**-0.900**	**-3.150**		
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Environment and Communities Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[93] Libraries - Service Review [NEW] The Council is not proposing any library closures, but to ensure ongoing affordability of services across the borough this proposal would reduce current opening hours of libraries during the week only and reduce the funding for purchase of new books and newspapers. Aligned to this and as part of the review seek options to co-locate library sites in to other facilities and at the same time move forward with opportunities for additional income generation based within these sites. Proposals would consider options to work with Town and Parish Councils to mitigate impacts where viable. ***Post consultation - Reduction of savings by £0.3m in 2023/24 and £44,000 in 2024/25 to support continued Saturday opening times and retention of the mobile library service.*** *Impact on service budget =*	**-0.519**	**-0.200**		
[94] Pension Costs Adjustment [NEW] This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund. ***Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.*** *Impact on service budget =*	**-0.676**	**-0.151**	**-0.159**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Environment and Communities Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[95] Investment in improving the customer experience in Planning Services [MTFS 22-26 [58]] The Council provided temporary investment in 2022/23 to develop and implement recommendations from the Planning Deep Dive review. It included measures to help reduce the application backlog that has built up over the last two years due to above average numbers of applications, improve performance and customer experience and help retain/attract staff. This proposal removes the temporary funding from the budget. ** Item represented a one-off spend in 2022/23. As it is not a permanent part of the budget the value of the proposal is reversed in 2023/24* *Impact on service budget =*	**-0.500***			
[96] Restructuring Potential [NEW] Vacancy management – slow down or don't fill posts across Place in non-statutory services / non-income generating posts. Reductions in staffing could result in statutory services responding more slowly where we can. To note this is a cross cutting proposal across Place and therefore actual figures may change from one committee to another. ***Post consultation - Reduction in planned saving in 2024/25 of £135,000.*** *Impact on service budget =*	**-0.500**	**-0.268**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Environment and Communities Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[97] Review Closed Landfill Sites [NEW] The Council has responsibility for a number of closed landfill sites across the borough for which it holds a provision. The proposal relates to a risk-based review of these closed landfill sites to understand their residual liability for the coming years. *Impact on service budget =*	**-0.300**	**+0.300**		
[98] Move to a single contractor to maintain all Council owned green spaces (Highways and Parks) [NEW] Generate operational efficiencies by moving to a single contractor to maintain all Council owned green spaces. This will minimise the impact of reduction in scope of similar services currently provided, including those out-sourced. *Impact on service budget =*	**-0.075**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Environment and Communities Committee Policy Proposals	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[99] Environment Strategy and Carbon Neutrality [MTFS 22-26 [56]] We have committed to be carbon neutral by 2025 and to influence carbon reduction across the borough. Our Environment Strategy and Carbon Action Plan sets out how we will achieve this, and the funding to enable its delivery. This is a priority for the Council as outlined in the Corporate Plan and supported by the response to consultation. This proposal is a planned reduction in budget following previous years' growth. *Impact on service budget =*	**-0.061**			
[100] CCTV [NEW] Opportunities for additional income generation – the £30,000 saving in 2024/25 is a current estimate but is still subject to a business case with potential additional service improvements / investment. *Impact on service budget =*		**-0.030**		
[101] Household Waste and Recycling Centres - introduce residency checks [NEW] Introduce residency checks at all HWRC sites to minimise disposal costs of waste being deposited by non-Cheshire East residents. *Impact on service budget =*	**-0.021**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Highways and Transport Committee

Responsibilities of the Committee:

Membership: 13 Councillors

Functions

The Highways and Transport Committee shall be responsible for developing policies and making decisions on matters relating to highways and transport as they affect the area of the Council taking into account regional and national influences.

The Committee's responsibilities include:

- Formulation, co-ordination and implementation of corporate policies and strategies in connection with all car parking, transport and accessibility matters.
- Determination of any matter affecting the Council's interests in relation to national infrastructure matters, for example HS2, Northern Powerhouse Rail and the National Road Network.
- Discharge of the Council's responsibilities as Highway Authority; local transport authority; parking authority; and lead local flood authority.
- Determination of policies and making decisions in relation to flooding and accessibility, in co-ordination with the Scrutiny Committee.
- Compulsory purchase of land to support the delivery of schemes and projects promoted by the Committee.

Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorate of Highways and Infrastructure including: Transport Policy; Transport Commissioning; Carparking; Highways; Infrastructure and HS2.

(Extract from Cheshire East Council Constitution - Dec 2021)

Executive Director Commentary:

The proposals seek to address the underlying financial pressures in the Place Directorate.

The transport directorate has responsibility for a number of key service areas with the overall aim of providing an integrated, sustainable transport network across Cheshire East and the wider region; supporting the economic growth of the borough and contributing to the council's net zero climate commitment.

In response to the impact of pay inflation, the focus will be to seek to offset existing employee costs through proactive vacancy management, prioritising statutory services and income generating roles. Through opportunities of restructuring seek to address better alignment of related services and management across Place, as well as continuing to explore and identify efficiencies and reductions in non-essential spend. Identifying positive benefits by investing in training to increase numbers of apprenticeships and career graded roles where appropriate to support capacity and resilience.

To support the council's underlying financial pressures a number of cost saving proposals are being consulted upon, which enable the retention of core local services. In Highways this includes reducing the current energy costs from street lighting, whilst retaining a minimum provision, and increasing the extent of planned highway maintenance to provide greater value for money by a longer term, managed approached to works.

Parking generates income for the council and proposals reflect a requirement to recover the costs of parking services and could include piloting a scheme that with variable parking charges that reflect levels of demand by location and time of day.

The Council will be unable to meet inflationary price increases forecast for local bus services, as a direct response to the loss of Central Government grant. These savings are considered to be achievable but there are expected to be negative impacts on residents and service-users due to a reduction in the Cheshire East bus network.

Proposals to vary the Budget in the Highways and Transport Budget are focused on these areas:

Highways and Transport Committee Policy Proposals	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[102] Pay inflation [MTFS 22-26 [3&4]] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget. ***Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.*** *Impact on service budget =*	**+0.265**	**+0.177**	**+0.152**	**+0.156**
[103] Local Bus [NEW] Forecast cost pressure on local bus services is approximately £3.5m, which was partially mitigated in 2022/23 from Council Reserves. This is unsustainable and the Council cannot afford to fund local bus services at this level. This initiative seeks savings in the level of supported local bus services that must mitigate the impact of inflation and is a direct response to the loss of Central Government grant. These efficiency savings are considered to be achievable but there are expected to be negative impacts on residents and service-users due to a reduction in the extent of revenue-supported services in the Cheshire East bus network. *Impact on service budget =*	**+0.080**	**+2.500**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Highways and Transport Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[104] Highways [NEW] Proposals to support the council's financial pressures include additional highway's income from licensing and permits, the reallocation of revenue to capital funding for road maintenance and a reduction in the maximum response times of the highways incident response teams, out of hours. There will be a decrease in the highway revenue budget for carriageway repairs, which will be managed alongside ongoing reviews and profiling of capital expenditure. ***Post Consultation – clarification is provided that the Council's capital commitment to a Highways Maintenance Programme of £4m per annum has received inflationary increases to retain the level of services intended.*** *Impact on service budget =*	**-0.579**	**-0.031**		
[105] Energy saving measures from streetlights [NEW] The Council provide 40,000 streetlights across the borough. Whilst there have been energy saving measures adopted in respect of retrofitting LEDs we will reduce our energy consumption further by reducing the number and timing of street lighting in the borough from September 2023. Options will be reviewed to consider priorities and safety aspects associated with turning off alternate lights or turning lights off in the early hours of the morning in some areas. *Impact on service budget =*	**-0.242**	**-0.243**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Highways and Transport Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[106] Pension Costs Adjustment [NEW] This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund. ***Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.*** *Impact on service budget =*	**-0.172**	**-0.052**	**-0.055**	
[107] Restructuring Potential [NEW] Vacancy management – slow down or don't fill posts across Place in non-statutory services / non-income generating posts. Reductions in staffing could result in statutory services responding more slowly where we can. Prioritise Economic Development and Regeneration resources. Restructure and alignment of service areas. Lead Local Flood Authority – maintain at statutory minimum. To note this is a cross cutting proposal across Place and therefore actual figures may change from one committee to another. *Impact on service budget =*	**-0.122**	**-0.132**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Highways and Transport Committee **Policy Proposals**	**2023/24** **£m***	**2024/25** **£m**	**2025/26** **£m**	**2026/27** **£m**
[108] Parking [NEW] The Council must meet unprecedented and complex challenges with increasing customer expectations to provide a modern, responsive and equitable parking service. The proposals for parking must align operational arrangements and tariffs with corporate priority outcomes for fairness and transparency, including supporting our Town Centres to recover after the pandemic. These proposals will include options for zonal parking charges. The implementation plan will include further consultation. Options are expected to align to an increase in income, or reduction in costs, over the next two years to maintain the ongoing sustainability of the service. *Impact on service budget =*	**-0.119**	**-0.725**		
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Finance Sub-Committee

Responsibilities of the Committee:

Membership: 8 Councillors

Functions

The Finance Sub-Committee will co-ordinate the management and oversight of the Council's finances, performance and corporate risk management arrangements. The Sub-Committee will make recommendations to the Corporate Policy Committee regarding the development of the Medium-Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.

The Sub-Committee's responsibilities include:

- Determination of finance issues, including but not limited to Treasury Management, Insurance, Procurement, debt write off, settlement payments and virements in line with the constitution.
- Establishment of a Procurement Forward Plan.
- Oversight of the Investment Strategy.
- Grant awards for sums in excess of £50,000.
- Property transactions including buying selling and appropriation of land and property (including compulsory purchase where required).
- Management of the Council's involvement in ASDVs and overseeing the production of an Annual Report on performance.
- Making decisions as Shareholder or owner, reviewing and approving Business plans, including risk registers and commissioning services.

Oversight, scrutiny and budgetary review of the following functions: Land and Property; Central Budgets; Pensions; Grants; Council Tax; Business Rates; Reserves; and Other Funding.

Executive Director Commentary:

Central Budgets and general Council Funding are not specifically related to services that residents use but are important in resourcing the overall budget. The following proposals relate to Council borrowing, investments and forecast income from general grants and local taxation.

For more information on each item please see the following sections of the report:

- Capital Financing – Section 2: Financial Stability and Capital Strategy: Annex 10
- Pension Costs Adjustment – Section 2: Financial Stability (Other Economic Factors section)
- Bad Debt Provision – Section 2: Financial Stability (Other Economic Factors section)
- Capital Receipts Income – Section 2: Financial Stability and Capital Strategy: Annex 10
- Use of Earmarked Reserves – Reserves Strategy Annex 13
- Council Tax - Section 2: Financial Stability and Local Taxation (The Collection Fund): Annex 5
- Business Rates - Section 2: Financial Stability and Local Taxation (The Collection Fund): Annex 5
- Unring-fenced Grants - Section 2: Financial Stability and Revenue Grant Funding: Annex 7

(Extract from Cheshire East Council Constitution – Dec 2021)

Proposals to vary the Budget in the Finance Sub-Committee are focused on these areas:

Finance Sub-Committee Policy Proposals (Central Budget items)	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[109] Capital Financing - Minimum Revenue Provision The Council increases spending on Capital Financing to ensure the capital programme is affordable on an annual basis. Capital spending includes Highways and Regeneration projects across the borough. The annual increase reflects the size of the Council's ambitious programme, as well as returns on investment income that can reduce the impact of increasing interest rates on borrowing. *Impact on central budget =*		**1.000**	**1.000**	**1.000**
[110] Pension Costs Adjustment This item relates to a change in the required employer's contribution rate to the Cheshire Pension Fund. Following the most recent triennial revaluation of the Fund, the contribution rate reduced to 26.7% (from 33.9%) and initially this reduced cost was reflected centrally. This item removes the central 'credit' budget and is matched by corresponding reductions in service budgets (as shown in the 'Pension cost adjustment' items within the proposals for each Service Committee). *Impact on central budget =*	**5.350**			
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Finance Sub-Committee Policy Proposals (Central Budget items)	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[111] Bad Debt Provision adjustment The Council collects approximately £90m of debt annually, related to a wide range of services. Bad debt relates to uncollectable income, such as debt with individuals or organisations that enter into administration. It is responsible to reflect the annual impact of bad debt within the Council's revenue budget. The Council will continue to enforce debt payments in an appropriate way taking into account the circumstances of the debtor. *Impact on central budget =*	**-0.800**	**0.600**		
[112] Capital Receipts Income Sale of Council assets usually provides a capital receipt. The Council is permitted to use such receipts to fund transformation costs or fund items within the Capital Programme. The 2023/24 to 2026/27 MTFS proposes the annual use of £1m to support transformation costs. This reflects the level of change required to ensure services remain sustainable and meet the needs of residents. Expectation of annual receipts at this level is reasonable based on recent trends of income from Right-to-Buy properties and Farm's Estate sales. *Impact on central budget =*	**-1.000**			
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Finance Sub-Committee Policy Proposals (Central Budget and Funding items) The Reserves Strategy (**Annex 13**) identifies the approach to managing reserves over the medium-term, which also covers items 115-118 below	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[113] Use of Earmarked Reserves – MTFS reserve This reserve manages annual changes in the MTFS. It minimises short-term decision making. The negative figure in 2023/24 also reflects drawdown from the reserve related to overspending in 2022/23. Contributions to the reserve enable further drawdowns in 2026/27 to keep the overall MTFS balanced without further disruption to services. ***Post consultation - Variations reflect the approach to balancing the MTFS. Full details are included within the Reserves Strategy.*** *Impact on central budget =*	**-4.951**	**1.792**	**1.237**	**-3.527**
[114] Use of Earmarked Reserves – Collection Fund reserve The Collection Fund records local taxation transactions in excess of £400m per year. This reserve manages in-year variations to avoid disruption to services. *Impact on central budget =*	**1.674**	**1.400**	**0.337**	**0.337**
[115] Use of Earmarked Reserves – Capital Financing reserve This reserve manages in-year variations in revenue costs for capital programme. *Impact on central budget =*	**-1.700**		**-1.000**	**1.000**
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

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Finance Sub-Committee Policy Proposals (Central Budget and Funding items)	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
[116] Use of Earmarked Reserves – Transformation reserve Contributions from this reserve will support Brighter Futures Activity. ***Post consultation - Variations reflect the approach to balancing the MTFS. Full details are included within the Reserves Strategy.*** *Impact on central budget =*	**-1.371**	**1.271**		
[117] Council Tax - % increase Council Tax currently provides 78% of the net funding for Council services and is paid by occupiers and owners of domestic property within the borough. The MTFS includes increases of 4.99% in 2023/24 and 2024/25, and 2.99% each year after that. *Impact on funding budget =*	**-12.709**	**-13.487**	**-8.567**	**-8.959**
[118] Council Tax – Base increase The Council Tax base is increasing each year due to ongoing housing development. The calculation of additional Council Tax from the growth in the tax base also reflects any changes in discounts, exemptions, premiums and Council Tax Support. The increase in housing numbers in the MTFS is currently forecast to be 2,400 in 2023/24, 2,200 in 2024/25, 2,000 in 2025/26 and 1,800 in 2026/27. *Impact on funding budget =*	**-3.707**	**-3.354**	**-3.144**	**-2.875**
**Values represent a +/- variation to the [Cheshire East Council approved budget for 2022/23](#)* *Subsequent years are the incremental change from the previous year*				

Finance Sub-Committee **Policy Proposals (Central Budget and Funding items)**	**2023/24 £m***	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
[119] Business Rates Business Rates currently provides 15% of the net funding for Council Services and is paid by owners and occupiers of non-domestic properties within the borough. Approximately 28% of business rates collected locally is retained for services after levy and tariff payments, with the remainder being retained by Central Government. Business growth in Cheshire East is positive, however the forecasts within the MTFS reflect limited increases in income from Business Rates as there is ongoing consultation about reform of this scheme. *Impact on funding budget =*	**-6.191**			
[120] Unring-fenced Grants + Revenue Support Grant Grant income is set out in detail within **Annex 7**. *Impact on funding budget =*	**-2.789**	**-2.775**	**3.000**	
**Values represent a +/- variation to the Cheshire East Council approved budget for 2022/23* *Subsequent years are the incremental change from the previous year*				

Section 2 - Financial Stability

Introduction

1. Proposals to vary the Council's expenditure and income plans, are set out in **Section 1** of this report. The proposals highlight the significant variations required over the medium-term to help the Council provide appropriate support to local residents and businesses via sustainable services. To achieve a balanced financial position the Council reflects service ambitions, and any impact on Central budgets and matches this to the available resources from Council Tax, Business Rates, Grants and an appropriate use of reserves.

2. The 2023 to 2027 MTFS is Cheshire East Council's next four-year budget where a balanced position is presented across all financial years of the strategy. This is a significant undertaking, especially in the current economic climate of exceptionally high inflation, but maintaining this approach supports sound decision making.

3. In November 2022, the Chancellor announced the Autumn Statement that covered the next two years (2023/24 to 2024/25). Details of the funding allocations for each local authority were announced at the provisional settlement on 19 December 2022 but mainly focused on allocations for 2023/24.

4. The important role of local services was recognised in the Chancellor's Autumn Statement 2022, with increases in Council funding exceeding other parts of the public sector. Much of the increase was directed towards social care reflecting the key relationship with NHS services too. In real terms, the settlement will still leave many local authorities with a significant financial gap to close.

5. The national review of local authority funding, including the changes planned to the Business Rates Retention Scheme are being delayed further until possibly as late as 2026/27.

   The key areas being covered in this section include:

Forecast Outturn 2022/23

Table 1: Forecast Outturn 2022/23

2022/23 (GROSS Revenue Budget £474.2m)	Revised Budget (NET) £m	Forecast Outturn £m	Forecast Variance £m
SERVICE DIRECTORATES			
Adult Social Care - Operations	117.5	126.1	8.6
Commissioning	3.6	3.9	0.3
Public Health	-	-	-
Adults and Health Committee	121.1	130.0	8.9
Directorate	1.0	0.6	(0.4)
Children's Social Care	47.0	49.5	2.5
Strong Start, Family Help and Integration	7.7	6.0	(1.7)
Education & 14-19 Skills	18.5	21.6	3.1
Children and Families Committee	74.2	77.7	3.5
Directorate	0.8	0.7	(0.1)
Growth & Enterprise	22.8	22.1	(0.7)
Economy and Growth Committee	23.6	22.8	(0.8)
Environment & Neighbourhood Services	44.4	47.3	2.9
Environment and Communities Committee	44.4	47.3	2.9
Highways & Infrastructure	13.8	13.6	(0.2)
Highways and Transport Committee	13.8	13.6	(0.2)
Directorate	1.4	1.3	(0.1)
Finance & Customer Services	12.5	13.1	0.6
Governance & Compliance Services	11.9	11.3	(0.6)
Communications	0.7	0.7	-
HR	2.4	2.2	(0.2)
ICT	9.8	10.5	0.7
Policy & Change	1.9	1.9	-
Corporate Policy Committee	40.6	41.0	0.4
TOTAL SERVICES NET EXPENDITURE	317.7	332.4	14.7
CENTRAL BUDGETS			
Capital Financing	19.0	19.0	-
Transfer to/(from) Earmarked Reserves	(3.2)	(9.2)	(6.0)
Corporate Contributions / Central Budgets	(5.2)	(6.2)	(1.0)
Finance Sub-Committee - Central Budgets	10.6	3.6	(7.0)
TOTAL NET EXPENDITURE	328.3	336.0	7.7
Business Rates Retention Scheme	(49.1)	(49.1)	-
Specific Grants	(24.5)	(24.5)	-
Council Tax	(254.7)	(254.7)	-
Finance Sub-Committee - Net Funding	(328.3)	(328.3)	-
NET (SURPLUS) / DEFICIT	-	7.7	7.7

6. In December a forecast outturn of £8.7m net overspend was reported at the Corporate Policy Committee (The full report can be found Agenda for Corporate Policy Committee on Monday, 1 December, 2022, 10.00 am, Item 10 | Cheshire East Council).

7. The outturn position is now forecast to be an overspend of £7.7m due to the following changes:
   - Increased care commitments, within Adults, Health and Integration, are being offset by income, for example, from direct payment reimbursements and external grants. This results in no net change to the forecast.
   - The Children and Families Directorate forecast has improved by -£0.5m. Additional costs of home to school transport from increasing SEND demand, fuel costs and contract costs is being offset by charging additional amounts to transformation costs to capital receipts and additional underspending in Strong Start from holding vacancies. This forecast assumes that £1.6m of resettlement funding will be applied to costs incurred in 2022/23. Pressure remains on the DSG high needs block as a result of the growth in the number of pupils with an education, health and care plan. The Council holds an unusable reserve to manage DSG balances without impacting on the Council's General Reserves. The balance on the DSG reserve is forecast to be at least £45.6m deficit as at 31 March 2023.
   - Environment and Neighbourhood Services forecast pressures have changed by £1.2m. Environmental services operational costs of £1.3m are partially offset by lower premises costs, and vacancies within the Planning service which will not be filled before the year end.

- Growth and Enterprise forecast has improved by -£1.0m. Cost reduction in Estates of £0.3m due to deferral of some non-essential maintenance work. £0.5m due to release of reserve for the ELENA project and £0.2m grant received relating to Reopening High Streets Safely.
- Highways and Infrastructure forecast has improved by -£0.7m. Continuing high levels of income is contributing a further £0.5m in 2022/23, costs of the Ringway Jacobs contract are predicted to be £0.2m lower than budget.
- Increase in the forecast overspend within the Transactional Service Centre due to additional temporary staff in recruitment and pay, external consultants costs (Agylisis), and additional Governance and Support staff costs. Fall in the underspend being forecast by Customer Services due to test and trace final grant income no longer being received, and back pay costs for staff regrades in the newly formed Continuous Improvements team (£0.4m).
- Confirmation of new burdens funding within the Elections Service and lower than previously forecast electoral registrations costs (-£0.2m).
- Improvement within ICT due to the use of capital reserve for laptop replacement and an improved revenue contracts forecast decreasing the ICT Strategy overspend (-£0.2m).
- No change in forecast for Central Budgets.

8. The 2022/23 Medium-Term Financial Strategy stated that short term variations in annual budgets are capable of being managed through the MTFS Earmarked Reserve. This approach protects such variations from having immediate negative impacts on services to residents.

9. The MTFS Earmarked Reserve is therefore forecast to be required to mitigate financial pressures in 2022/23. The Finance Sub-Committee received forecasts related to the MTFS reserve at its meeting of 7 September, which highlighted a potential balance of up to £5.5m could be available for this period. This balance would relieve the impact on General Reserves.

10. It is planned that £5.2m will be used from the MTFS reserve to mitigate the overspend. The residual impact on General Reserves would be a reduction of £2.5m, decreasing the forecast closing balance of £14.9m to a potential closing balance of £12.4m, which is aligned to the risk assessed level of reserves for the 2023/24 Budget.

11. This forecast may be subject to variation in the final quarter, as budget managers will continue to take robust actions to control costs and reduce non-essential expenditure to improve this position further.

12. Individual pressures identified above are reflected in the MTFS for 2023/24 to 2026/27. Any betterment to the forecast outturn position should be utilised to replenish reserves in line with the priority of the Corporate Plan.

Flexible Use of Capital Receipts 2022/23

13. The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

14. The Spending Review in 2015 included a relaxation to the capital regulations by allowing Council's to use their capital receipts (income from the sale of assets) for a limited period initially from 2016/17 to 2018/19 to fund revenue expenditure that is designed to transform service delivery and reduce revenue costs. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations apply have now been extended to the financial year 2024/25.

15. The guidance states that qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. The local authority must decide for itself whether or not a project qualifies for the flexibility.

16. Local authorities cannot borrow to finance the revenue costs of the service reforms.

17. The type of expenditure that will be allowed under the flexibility are the up-front set up and implementation costs that will generate the future ongoing revenue savings and/or service transformation to reduce revenue costs and improve service delivery.

18. In allowing the Council to use this flexibility, the Council must have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of practice.

    - There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects shown in the government guidance include:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and Central Government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
- Integrating public facing services across two or more public sector bodies (for example children's social care or trading standards) to generate savings or to transform service delivery.

19. The Council has a number of projects that have been identified in 2022/23 that fit the criteria prescribed in the Guidance for transforming and or improving service delivery that will reduce revenue costs by producing efficiency savings for the Council. The table below details the lists of projects and the value of capital receipt to be utilised.

Table 2: List of projects funded by flexible capital receipts

Project Name	Project Description and Progress	Expenditure 2021/22 £000s	Expenditure 2022/23 £000s
ERP Implementation	Implementation of the HT and pay modules of the new ERP system.	2,575	17
Planning Review	Improve the Planning Application processes with better lead times and to ensure that the service is adequately staffed where support, training and development opportunities are provided too.	0	263
Highways Improvements	The project is aimed at making efficiency savings within the CEC highway service provider Ringway Jacobs' current processes and ways of working.	0	72
DSG Management Plan	Develop a DSG Management Plan to help the Council tackle the issue of the ongoing DSG Deficit that is currently being held in a unusable reserve.	0	200
Delivering Better Value	The Council has joined the Department of Education's (DfE) Delivering Better Value programme and this project is aimed at bidding for DfE funding.	0	388
School Transport	Review of the home to school / home to school SEN transport in light of increasing costs and SEND demand. This follows the service being brought back in house from 1/4/22.	0	230
Children & Families Service Transformation	Review of the Children and Families service - restructuring services and implementing new processes to improve service delivery in part as a response from Ofsted Inspections.	0	740
Schools Service Transformation	Key projects re responding to legislation and consultations e.g. LA initiated MATs.	0	46
Total		**2,575**	**1,956**

20. As it is the Council's policy not to rely on capital receipts until they are realised, these capital receipts have not been factored into the Councils Capital Financing Requirement (CFR) by way of reducing debt or financing capital expenditure. Consequently, the use of the receipts under this flexibility will have no effect on the Council's Prudential Indicators.

Balance of National vs Local Funding

21. Cheshire East Council continues to rely heavily on local funding to fund services as opposed to Central Government grant. Funding for Council services from Council Tax and Business Rates continues to be c.92% of the total net funding into 2023/24. Net funding excludes ring-fenced grants for Schools, Public Health and Housing Benefits for example.

22. The Government Autumn Statement 2022 provided additional funding to Local Government, but deferred changes to the funding models currently in use. Local Government Resource Departmental Expenditure Limits to increase by 33% from 2022/23 to 2023/24.

23. Key measures for Local Government from the announcements include:
    a. Increasing the Council Tax referendum threshold by 2.99% in “core” Council Tax, plus an option to increase this by 2% as an Adult Social Care precept.
    b. There will be no cuts to the allocations announced in the Spending Review 2021. Growth in spending from 2025/26 will increase at a lower rate.
    c. £1.3 billion in 2023/24 and £1.9 billion in 2024/25 will be distributed to councils through the Social Care Grant for adult and children’s social care (from the delayed social care charging reforms).
    d. £600 million will be distributed in 2023/24 and £1 billion in 2024/25 through the Better Care Fund to get people out of hospital on time into a care setting, freeing up NHS beds for those that need them.
    e. £400 million in 2023/24 and £683 million in 2024/25 is distributed through a new Adult Social Care grant.
    f. The Business Rates multiplier will be frozen in 2023/24. Local authorities “will be fully compensated for the loss of income as a result of these business rates measures”.

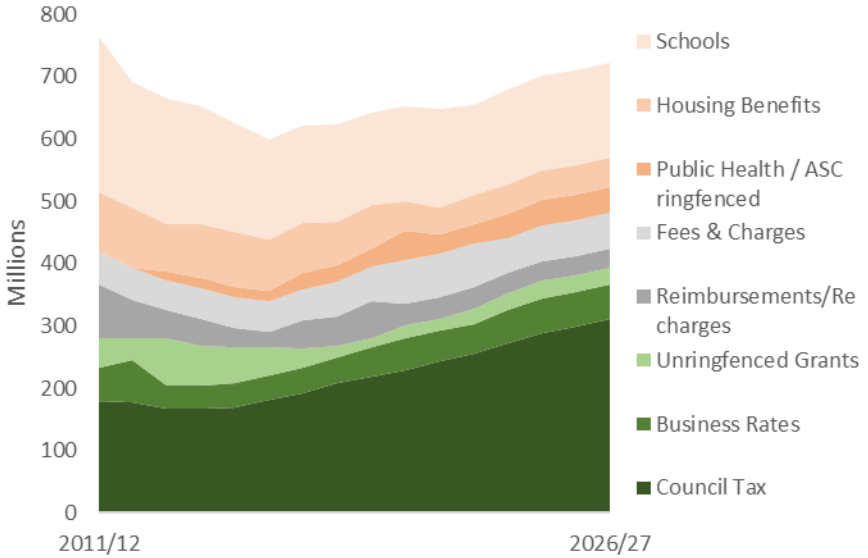
24. These were confirmed as part of the Provisional Local Government Finance Settlement which was announced on 19 December 2022. Detailed grant allocations for each local authority (for 2023/24 only) were announced at this time.

25. Most social care grants have continued for a further year and increased for 2023/24. Independent Living Fund is now included within Social Care Support Grant. There is also a further year of the New Homes Bonus. Full details are set out in this section and in **Annex 7**.

26. **Chart 1** illustrates how the balance between funding sources continues the trend of placing increasing emphasis on support from local funding sources over time.

27. The 2023/24 Budget Report is based on the Provisional Finance Settlement released on 19 December 2022. The final settlement is expected in early 2023 with a debate in the House of Commons shortly after. Further information will be reported to Members as soon as practical and may require management through the MTFS Earmarked Reserve.

Chart 1: Council Tax continues to fund a larger proportion of overall Council Spending



Source: Cheshire East Finance

28. **Table 3** sets out the revised funding forecast for Cheshire East Council for the period 2022/23 to 2026/27. This shows how local funding sources are being increased to fund growth in service budgets, and how Government grants are contributing in monetary terms.

Table 3: Funding for services relies more on Council Tax increases than other funding sources

	2022/23 £m	2023/24 £m	2026/27 estimated £m	4 yr Change £m	4 yr Change %
Council Tax	-254.7	-271.1	-311.5	+56.8	**22%**
Government Grants (inc RSG)	-23.9	-26.8	-26.5	+2.6	**11%**
Business Rates Retention	-49.1	-55.3	-55.3	+6.2	**13%**
Funding Required for Services	**-327.7**	**-353.1**	**-393.3**	**+65.6**	**20%**

Sources:
Cheshire East Council
Department for Levelling Up, Housing and Communities
Note - Figure may not add down due to roundings

29. Central Government's management of the Business Rates Retention Scheme and control over Council Tax levels continue to influence Councils' spending plans.

30. In Cheshire East, the Council is meeting this challenge in several ways and focusing on longer term financial stability through the following actions:

- **Growing the domestic taxbase** - Each new home brings additional Council Tax revenue, New Homes Bonus (up to 2023/24) and, since 1 March 2019, a community infrastructure levy where relevant. However, homes also bring additional costs, such as education, waste collection and highways. The Council ensures that subsidy from its general funding sources is carefully examined to achieve maximum value to keep Council Tax increases for residents in-line with government thresholds or below.

- **Promoting Economic Growth** - business growth could result in additional income being retained for local investment, subject to certain thresholds. Therefore, the Council continues to invest in supporting economic growth and infrastructure projects that will unlock development land and support inward investment.

- **Increasing employment opportunities** - economic growth results in fewer people relying on welfare benefits from the Council which releases funding for further investment or for direct provision of front-line services.

- **Maintaining strong collection rates and challenge of taxbases** - to ensure fairness to all involved and ensure the Council maximises local income for local use. This includes an appropriate Council Tax Support Scheme to support households with low incomes.

Government Grant Funding of Local Expenditure

31. The detailed funding settlement from Government impacts on longer term financial planning. Key dates for 2023/24 include:
    - The Autumn Statement of 17 November 2022.
    - The release of the Provisional Settlement on 19 December 2022 confirming the allocation of grants, approach to Council Tax and confirmation of business rates baselines.
    - Final Settlement announced early February 2023.

These have set out changes to:

- General funding levels – confirming Social Care grants from 2022/23 levels, and one more year of NHB funding.
- Additional funding announcements, payable to local authorities, for the following areas:
    - Social care and support
    - Disabled Facilities Grant
    - Highways
    - Strategic Housing Deals

32. The Government Grants provided to local authorities can be categorised under several main headings for 2023/24:
    - Revenue Support Grant (£388,000 – including items rolled in: Family Annex Council Tax Discount Grant and Local Council Tax Support Administration Subsidy).
    - Specific Grants (unring-fenced revenue) (£26.4m)
    - Specific Grants (ring-fenced revenue) (£274.4m)
    - Capital Grants (main programme) (£89.8m)

    More detail is provided on each of these elements below.

Revenue Support Grant (RSG)

33. The Council will receive £388,000 in Revenue Support Grant in 2023/24 which is almost wholly as a result of current grant items being rolled in (Family Annex Council Tax Discount Grant and Local Council Tax Support Administration Subsidy).

Unring-fenced Specific Grants

34. Separate unring-fenced Specific Grants have been largely retained, or increased, and total £26.4m in 2023/24, and are estimated to be £26.1m by 2026/27. The detail is shown in **Annex 7** and summarised in **Table 4.** Table 4 shows the original budget for 2022/23 and **Annex 7** shows the in-year position including grant received after the budget was set.

35. The list of Specific Grants mainly relates to funding for the New Homes Bonus (NHB) and Social Care Grants. They

equate to 88% of the total unring-fenced specific grants in 2023/24.

36. The Autumn Statement (November 2022) and Provisional Local Government Finance Settlement (December 2022), included unring-fenced funding for 2023/24 of £19.4m for Cheshire East social care. This includes continuation of the Social Care Support grant (£11.3m) and a further allocation of £7.2m which is the Authority's share of the announced new monies. The Independent Living Fund grant of £0.9m has now also been rolled into this total Social Care Grant allocation.

37. Services Grant for 2023/24 is £1.7m. It has reduced partly due to removal of the National Insurance increase (1.25%) that has now been reversed and therefore no longer required.

38. Lower Tier Service Grant (£0.4m in 2022/23) has ceased. Funding has been recycled into a 3% Core Spending Power Funding Guarantee. Cheshire East do not qualify for this grant.

39. Full details are set out in **Appendix 7**.

Table 4: Specific grant levels are increasing over time

	2022/23 £m	2023/24 £m	2026/27 estimated £m	4 yr Change £m	4 yr Change %
Revenue Support Grant	-	-0.4	-0.4	-0.4	
New Homes Bonus	-6.6	-3.8	-	+6.6	
Social Care Grants (now including Independent Living Fund – restated for 2022/23)	-12.2	-19.4	-23.0	-10.8	
Other Grants	-5.1	-3.2	-3.1	+2.0	
Total Specific Grants	**-23.9**	**-26.8**	**-26.5**	**-2.6**	**11%**

Sources:
Cheshire East Council
Department for Levelling Up, Housing and Communities

40. The 2023/24 allocation of NHB is again to be paid for one year only (£3.8m) which extends the 2020/21, 2021/22 and 2022/23 single year allocations. Legacy payments have now been phased out.

Ring-fenced Specific Grants

Dedicated Schools Grant (DSG)

41. The Government announced the revised allocations of DSG for 2023/24 on 16 December 2022. DSG is a ring-fenced grant provided to the Council to meet certain educational costs.

42. Under the national funding formula (NFF) arrangements DSG is allocated in four funding blocks, namely the Schools Block, Early Years Block, High Needs Block and Central Schools Services Block.

43. The Schools Block allocation to the Council is based on the schools' block NFF. This takes October 2022 pupil data and provides a basic per pupil amount plus additional funding for issues such as deprivation and low attainment. The NFF also applies a minimum per pupil level of funding of £4,405 Primary and £5,715 Secondary in 2023/24. Those values must be used in local formula.

44. Local authorities can provide funding to schools through a local formula for 2023/24. The Schools Forum have agreed that a local formula using the NFF values, allocating any additional funding via the basic entitlement and applying a minimum funding guarantee of +0.5% should be submitted for consideration at the 13 February 2023 Children and Families Committee.

45. For 2023/24 the Schools Forum has not agreed to a transfer of 0.5% from the Schools Block to High Needs. Given the financial challenges facing schools, the Council has not applied to the DfE to reverse that decision.

46. Subject to Children's and Families Committee approval that formula will be used to allocate funding to schools for 2023/24. The per pupil figures in **Table 5** assume that the formula is approved.

47. For 2022/23 the DfE issued a supplementary grant for schools of £7.4m for Cheshire East. This was allocated to each school on a simpler basis than the funding formula.

48. That approach has been retained for 2023/24 with the release of the Mainstream Schools Additional Grant. This is estimated

to be £9.1m with final school level figures confirmed in the new financial year.

49. The Early Years Block mainly comprises:

- Funding for the universal 15 hour entitlement for all three- and four-year-olds.
- Funding for the additional 15 hours for three- and four-year-old children of eligible working parents.
- Funding for two-year-olds.
- Funding for the Early Years pupil premium plus a few other areas.

50. The High Needs Block is a single block for local authorities' high needs pupils / students aged 0-24. The block includes place funding for pre-16 and post-16 places in appropriate establishments such as mainstream schools, special schools, and the pupil referral unit. The block includes top-up funding for pupils and students occupying places in such settings.

51. The high needs block is calculated through the high needs NFF. This is made up of a range of factors and weightings including:

- A basic entitlement.
- An historic spend factor.
- A population factor.
- Measures relating to low attainment and deprivation.
- A funding floor.
- An area cost adjustment.

52. A high needs supplementary grant was released for 2022/23 and that has also been repeated for 2023/24 with an additional payment of £2.3m expected.

53. The Central Schools Services Block is based on a NFF that includes:

- Historic commitments.
- Ongoing responsibilities.
- An area cost adjustment.

54. The historic commitments element of the central block has been subject to a further 20% reduction by the DfE for 2023/24. The council has approved a growth bid to replace the lost funding where those services cannot be reduced in line with the DfE's reduction. The main issue within the historic commitments is prudential borrowing costs.

55. **Table 5** shows the DSG received for 2022/23, the indicative DSG for 2023/24, and per pupil funding levels. (This excludes the adjustment for Academy recoupment).

56. All the schools block funding is passported directly through to schools.

Table 5: The largest increase in Dedicated Schools Grant is in the High Needs Block

Dedicated Schools Grant is allocated in four notional blocks in 2023/24	Actual 2022/23 £m	Provisional 2023/24 £m	Change £m	Change %
Total Dedicated Schools Grant	**331.9**	354.5	22.6	**6.8**
Comprising:				
Schools Block	254.7	270.5	15.8	**6.2**
Central School Services Block	2.6	2.4	-0.2	**-7.7**
Early Years Block	23.9	25.2	1.3	**5.4**
High Needs Block	50.7	56.4	5.7	**11.2**
Per Pupil Funding	**£ / pupil 2022/23**	**£ / pupil 2023/24**		
Dedicated Schools Grant:				
Schools Block				
Primary	4,540	4,769		
Secondary	5,779	6,005		
Central Schools Block (ongoing responsibilities)	51.07	44.92		
Early Years Block 3 and 4 hourly rate	4.61	4.87		
2-Year-old hourly rate	5.65	5.71		

Notes

- These figures are before the academy recoupment and before any High Needs deductions.

- Figures are prior to de-delegation and assumes Growth Funding is removed.

- The calculation of the primary and secondary split for 2023/24 uses census data at this stage rather than the DfE model which was not available at the time of writing.

- The above figures include the high needs supplement but exclude the school's supplement.

Sources:
Cheshire East Council
DfE

Dedicated Schools Grant (DSG) ~ Academy Funding

57. The Department for Education are clear that becoming an academy should not bring about a financial advantage or disadvantage to a school but rather, enable academies to have greater freedom over how they use their budgets.

58. The Schools Block funding receivable for the 91 academies which opened before or during 2023/24 has not been removed from the total DSG award to be received (as reflected in **Table 5**). The funding for these academies of approximately £181m (based on 2022/23 funding) will be deducted from the Authority's DSG as part of the academy recoupment process (see **Annex 7).**

Sixth Form Funding

59. Total sixth form funding of £2.7m is receivable for maintained schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known). In 2022/23 a balance of £68.5m was allocated directly to academies by the Education and Skills Funding Agency. The allocation for 2023/24 is not yet known.

Pupil Premium Grant

60. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2023/24 are £1,385 for primary aged pupils and £985 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £2,410 and children whose parents are in the armed forces will attract £320 per annum for 2023/24. It is estimated that Cheshire East Council will receive £4.5m in relation to the Pupil Premium for 2023/24.

Physical Education Grant

61. The Council expects to receive £1m for 2023/24. This is an estimate after any reduction for academies.

Universal Infant Free School Meals (UIFSM)

62. The Council expects to receive £1.7m for 2023/24. This is an estimate for maintained schools. The figure is normally based on a set amount per eligible pupil. The grant is paid directly to local authorities or academies. The Council will comply with the requirement to pass on the grant to maintained schools in full.

School Improvement Monitoring and Brokering Grant

63. This is a grant for local authorities to continue to monitor and broker school improvement provision for low-performing maintained schools and intervene in certain cases. The Council has received funding up to March 2021.

Milk Subsidy Grant

64. This grant has not yet been confirmed for 2023/24, however based on previous allocations, the current grants register assumes £10,000 will be received in 2023/24.

DSG Reserve Forecasts

65. The Council holds a reserve to manage DSG balances without impacting on the Council's General Reserves. The pressure from high needs as a result of the growth in the number of pupils with an Early Health Care Plan (EHCP) had been reducing the reserve balance and in 2019/20 the reserve moved into a deficit position.

66. This is a national issue and local authorities are allowed to hold a negative reserve based on a temporary accounting override of accounting treatment approved by DLUHC which means they can be treated as unusable reserves.

67. In December 2022 the override was confirmed for a further three years through to March 2026. The removal of this override would present a significant risk to the financial sustainability of councils and the scale of the deficit already presents a cashflow issue before that point.

68. Further work will be done to look more closely at the cashflow issue in the new financial year and Members will be briefed accordingly.

69. These pressures have continued and are forecast to extend the overall deficit in each financial year. Current forecasts suggest the reserve will continue to be in an increasing deficit in the medium-term. Plans are being taken forward to reduce the spend pressures, but funding does not reflect forecast activity. It is not clear when, or even if, the reserve can be returned to surplus.

70. The Council's DSG Management Plan which sets out the forecasts of spend and deficit over the medium-term was approved by Children and Families Committee on 23 September 2022. The Plan has been reviewed as part of the Council's role in the government led Delivering Better Value Programme and has been assessed as an accurate reflection on the Council's position. Work is ongoing to attempt to review the wider approach to EHCPs and the associated funding requirements.

71. **Table 6** summarises the reserve position for 2022/23. This position is unaffordable and unsustainable. The Council is not in a position to budget for removal of the accounting override which could require the deficit being met from other general funds or useable reserves. This risk will therefore continue to be a feature of ongoing liaison with the Department for Education and the Department for Levelling Up, Housing and Communities.

Table 6: Dedicated Schools Grant Reserve is negative

Table 6	2022/23 £m
Brought Forward Position	-25.7
Forecast Overspend for High Needs	-19.9
Predicted Carry Forward	**-45.6**

Source:
Cheshire East Council

Public Health Grant

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

73. Public Health grant has been ring-fenced from 2013 and will continue to be so during 2023/24 to ensure expenditure is incurred in line with the public health framework.

74. Estimated allocations for 2023/24 set the grant at £17.4m. Confirmation of the final allocations has not been received.

COVID-19 Grants

75. The Contain Outbreak Management Fund (COMF) was originally announced in June 2020, and Cheshire East has been allocated £12.7m since the start of the pandemic.

76. The criteria for distribution and spending have adapted to allow English LAs to tailor their coronavirus responses to suit the needs of their communities, and to allow balances at the end of 2021/22 to be carried forward into 2022/23.

77. There was a remaining COMF balance at the end of 2021/22 of £5.3m, this was carried forward into 2022/23 in order to continue to deliver services which meet the grant criteria and support the Council's COVID-19 response.

78. It is anticipated that the COMF funding will be fully utilised by the end of 2022/23.

Collecting Local Taxes for Local Expenditure

Business Rate Retention Scheme (BRRS)

79. Locally collected non-domestic taxes, that are directly retained by the Council, will provide approximately 15% of the Council's net funding in 2023/24. The Council anticipated collection of approximately £143m (before accounting adjustments) in business rates in 2022/23, is based on the Council's NNDR1 return to Central Government on 31 January 2022.

80. The projected total deficit at the end of 2022/23 on the Business Rates collection fund, is **c.7.5m**. It includes the prior year spreading of the 2020/21 deficit over the period 2021/22 to 2023/24. The final third of the deficit (£2.8m) is repayable in 2023/24 along with the deficit as a result of the 2022/23 performance. More information is included in **Annex 5**.

81. Under the BRRS arrangements 50% of the net rates collected is paid to Government with 49% being retained specifically to support Cheshire East Council services. 1% is paid to the Fire Authority. In addition to this reduction a tariff of £24.7m must be paid to Government which is used to top-up funding allocations to other local authorities.

82. From 2021/22, growth forecasts in business rates have been paused due to the overall reduction in the taxbase and uncertainty around growth in future years, in part, due to the ongoing pandemic and economic situation.

83. For 2023/24 the government has announced that the multiplier usually used to increase business rate bills by inflation are to be frozen at 2022/23 levels. This will result in a compensation payment to Local Government for the losses between what the multiplier was capped at compared to September 2022 inflation of 10.1%. Part of this additional cap compensation is being used to support the revenue budget for 2023/24 (£4.6m) taking the business rates budget to £55.3m for 2023/24. **Annex 5** sets out the position in further detail.

84. Since the baseline funding level for business rates retention was set back in 2013/14, there have been many policy changes around reliefs for different business types. With each policy change, all local authorities are compensated for their share of business rates foregone. In 2023/24 £6.6m of this compensation has been included within the business rates budget with the remaining compensation being credited to the Collection Fund Earmarked Reserve to continue to support any future risks around business rate funding.

Table 7: Funding from Business Rates is increasing over time

	2022/23 £m	2023/24 £m	2026/27 estimated £m	4yr Change £m	4 yr Change %
Business Rates Retention Scheme – Baseline Funding	-42.5	-44.1	-44.1		
S31 compensation grants	-6.6	-6.6	-6.6		
S31 multiplier cap compensation	-	-4.6	-4.6		
Business Rates Retention Scheme – Total Funding	**-49.1**	**-55.3**	**-55.3**	**-6.2**	**13%**

Sources:
Cheshire East Council

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

Council Tax

86. Locally collected domestic taxes that are directly retained by the Council will provide 77% of the Council’s net funding in 2023/24. The Council takes a careful approach to managing the domestic taxbase to reflect local growth ambitions and support sustainable services in the medium-term.

87. The Provisional Finance Settlement confirmed the referendum limit on base increases is 2.99%, with a further 2% flexibility for an Adult Social Care precept. It is proposed that Council Tax is increased by 4.99% (including 2% ring-fenced for Adult Social Care pressures) for 2023/24 to give a Band D charge of £1,707.39 for 2023/24.

88. Band D Council Tax for 2023/24 is shown in **Table 8**. The proposed increases over the medium-term are currently 4.99% in 2024/25 and then 2.99% each year after that.

Table 8: Band D Council Tax is calculated after grant and business rate allocations

		2023/24 £m	2023/24 £m
Total Net Revenue Budget 2023/24			353.1
Less:			
Business Rates Retention Scheme	15.7% [1]	-55.3	
Specific Unring-fenced Grants	7.5% [1]	-26.4	
Revenue Support Grant	0.0% [1]	-0.4	-82.0
Amount to be raised from Council Tax	**76.6%** [1]		**271.1**
No. of Band D Equivalent Properties			**158,778.54**
Band D Council Tax			**£1,707.39**

Sources:
Cheshire East Council
[1] Percentage of Cheshire East Net Budget

89. The impact on each Council Tax band and the number of dwellings in each band is shown in **Table 9**.

Table 9: Impact of Council Tax on each Band

Band	**A**	**B**	**C**	**D**
Council Tax £	1,138.26	1,327.97	1,1517.68	1,707.39
No of Dwellings	31,278	38,216	36,406	27,496
Band	**E**	**F**	**G**	**H**
Council Tax £	2,086.81	2,466.23	2,845.65	3,414.78
No of Dwellings	22,354	14,942	12,836	1,944

Source:
Cheshire East Council

Council Taxbase

90. The Council Taxbase quantifies the number of properties from which the Council can collect Council Tax. The taxbase is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a Band D). The level of Council Tax multiplied by the taxbase equals the expected income.

91. The gross taxbase for 2023/24 (before making an allowance for non-collection) is calculated as 160,382.37. After taking into account current high collection rates, the non-collection rate has been maintained at 1.00% for 2023/24. This results in a final taxbase of **158,778.54** Band D equivalent domestic properties.

92. The taxbase for 2023/24 reflects an increase of 1.4% on the 2022/23 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of continuing higher levels of Council Tax support due to the ongoing economic situation. The Council Taxbase was approved by Council on 14 December 2022.

93. Cheshire East has a relatively high Council Taxbase compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16.0% in Cheshire East compared to the England average of 9.3%).

94. The taxbase has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992. The period eligible for exemption is being maintained at four weeks.

95. In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for two years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.

96. Additional flexibilities were introduced in subsequent Government budgets and Cheshire East now charges the following premiums for empty properties:

Time empty/unfurnished	Premium
2 to 5 years	100%
5 to 10 years	200%
Over 10 years	300%

97. The Government has previously introduced legislation allowing Billing Authorities flexibility to amend the Council Tax discounts available for second homes and to introduce Council Tax premiums for long-term empty property. Cheshire East has used this flexibility to withdraw discounts for second homes and to levy premiums in accordance with legislation as it became available, to encourage an increase in homes being brought back into use. The policy has successfully led to a reduction in empty homes.

98. The Government is currently bringing forward the Levelling-up and Regeneration Bill which will give Billing Authorities further flexibility to charge a Council Tax premium of up to 100% on second homes and to bring forward the time period under which a premium can be charged on long-term empty property from two years to one year. This may affect approximately 1,900 properties in Cheshire East. Implementation is expected to be

effective from 1 April 2024 and would require a Resolution to be made prior to 1 April 2023.

The impact of the Council Tax Support Scheme (CTS)

99. From 1 April 2013 the Council Tax benefit system was replaced by a local Council Tax support scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants remain unaffected by this change.

100. The taxbase also reflects assumptions around CTS payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and was amended again for 2022/23 to make the scheme more supportive in the light of funding being provided by Central Government (£3.3m) to be able to assist the pandemic recovery.

101. Local Council Tax Support grant was received in 2020/21 and was transferred to the Collection Fund Earmarked reserve. The funding is used over the medium-term to support the revenue budget to compensate for suppressed Council Tax levels as a result of higher Council Tax Support payments.

102. No changes are proposed to the Council Tax Support Scheme for 2023/24 other than to increase the income bands and non-dependant deductions in line with CPI.

103. The budget for CTS for 2023/24, included within the taxbase calculation, is £18.9m. This will be reviewed in future years to ensure the budget remains aligned with changing need.

Collection Fund

104. Receipts from Council Taxpayers and businesses are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, Central Government and local Town and Parish Councils).

105. A predicted surplus in the Collection Fund can be drawn down to support revenue funding for the following annual budget, and vice versa in the case of a deficit. This can happen if actual changes in the taxbase vary from the predicted changes, or if collection rates vary from the original forecasts.

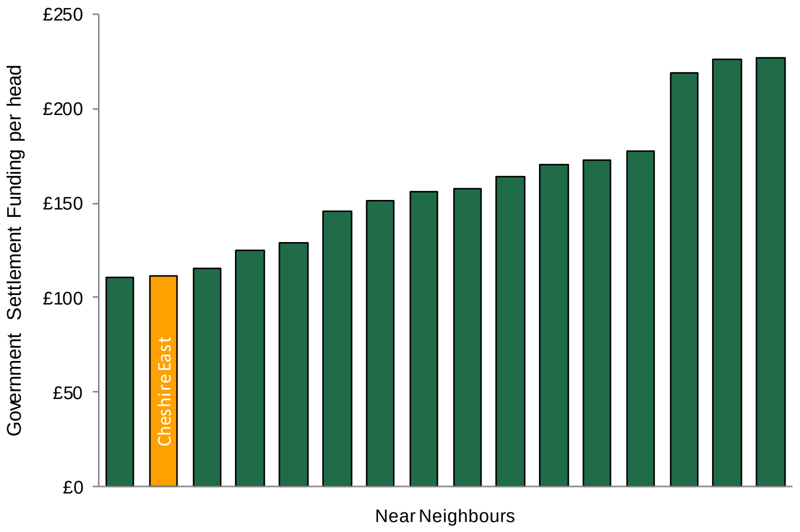
106. The Council Tax collection fund has been forecast to be a £0.153m cumulative deficit as at 31 March 2023. Government regulations during 2020/21 allowed the 2020/21 deficit to be spread evenly over a three-year period 2021/22 to 2023/24. The final third of that deficit will be repayable in 2023/24 along with the 2022/23 in-year surplus. This results in a **£0.130m** net deficit (Cheshire East share) to be repaid in 2023/24 and will be managed through the Collection Fund earmarked reserve.

107. For a detailed breakdown of the Collection Fund position for both Council Tax and Business Rates see **Annex 5**.

Funding Comparisons to similar Councils

108. Comparisons, based on available data, add context to Cheshire East's funding position. For recent analysis of the Council's financial position please refer to the Council's Value for Money document.

Chart 2: Cheshire East Council receives low levels of Government Settlement Funding per head compared to its Near Neighbours



Sources:
Cheshire East Council
ONS: Mid-Year Population Estimates, UK, June 2020
Department for Levelling Up, Housing and Communities (Core Spending Power 2023/24)

What is the Council doing about it?

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

Responding to Key Consultations

110. 2022/23 has seen several consultations affecting Local Government. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers, Society of Unitary Treasurers, and the Local Government Association (Cheshire East Council is a member of all three) and therefore, in some cases, relied on their collective responses to make any relevant comments.

111. The consultations that have taken place so far in 2022/23 are as follows:

- Council Tax and Business Rates
  - Business Rates Review: Technical Consultation (closed February 2022)
  - Business Rates Revaluation 2023: Consultation on the Transitional Arrangements (closed July 2022)
- Accounting and Audit
  - Emergency Proposals for the Update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (closed March 2022)
  - Amendments to the Accounts and Audit Regulations 2015 (closed May 2022)
  - Draft CIPFA Bulletin 12 – Accounting for Infrastructure Assets (closed June 2022)
  - IFRS 9 (closed October 2022)
  - The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022: Call for Evidence (closed November 2022)
- Education and Schools
  - SEND Review: Right Support, Right Place, Right Time (closed July 2022)
  - Implementing the Direct National Funding Formula (closed September 2022)
  - Early Years Funding Formula (closed September 2022)

- Health and Social Care
  - Operational Guidance to Implement a Lifetime Cap on Care Costs (closed April 2022)
  - Adult Social Care Charging Reform: Distribution of Funding 2023 to 2024 (closed September 2022)
- General
  - Changes to the Capital Framework – Minimum Revenue Provision (closed February 2022)
  - Reforming our Fire and Rescue Service (closed July 2022)
  - Homelessness Prevention Grant 2023/24 Onwards: Technical Consultation (closed August 2022)

Membership of Collective Groups

112. The Council has membership of several collective groups which provide a stronger voice at a national level. They are:

- The Local Government Association
- The Society of County Treasurers
- The Society of Unitary Treasurers
- The Sparse Rural Network
- The F40 Group

113. The Council is also continuing to make use of the Pixel Financial Management Service and LG Improve (benchmarking) to assist with forecasts and strategy.

Monitoring Developments

114. The Council is monitoring news alerts and public sector journals for any developments with the new business rates retention scheme and Fairer Funding Review (due to be implemented from 2023/24 but now further delayed). The Council will actively feed into consultations around the new funding arrangements where possible.

Ongoing briefing with Members of Parliament

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

Charges to Local Service Users

116. In certain circumstances the Council makes direct charges for access to services. Some prices will be set nationally but prices should always be related to recovering some or all of the Council's costs in delivering discretionary services.

117. Charges for services represent 13% of total gross income to Cheshire East Council and the prices are reviewed at least annually. This income is netted off the cost of services before Council Tax levels are calculated.

118. The Cheshire East Council pricing structure has over 1,500 different charges. The overall objective is to reduce subsidy from taxation in charged for services. This means some price rises may exceed inflation in the medium-term. In such cases users are consulted and alternative service options are discussed.

119. To assist officers and Members to recover full cost, the Council has a Charging and Trading Strategy to provide the relevant guidance to be applied.

Investment, Borrowing and the Capital Programme

120. The capital programme reflects the Council's priority to promote local economic wellbeing. To support this ambition the Council actively pursues funding from private sector organisations and Government as well as attempting to maximise receipts from asset sales. Resources will be utilised in a timely way to allow flexibility within the overall programme. Major highway infrastructure projects, for example, sometimes require Council resources before capital receipts and developer contributions have been received. Funding requirement for future years are updated as plans and funding streams are secured.

121. The Council applies an agreed Treasury Management Strategy (**Annex 11**) to ensure capital financing is affordable in the medium-term. During 2017/18 the Council revised its approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Whilst within the existing policy, this consisted of a change from using the straight line to the annuity method under the Asset Life (Option 3).

122. The capital financing budget for 2023/24 is shown in **Table 10**. This includes repayment of debt and interest payable on the Council's long-term loans. Costs are partly offset by the interest earned on the Council's investments. The Capital Financing budget has been maintained at £19m for 2023/24.

Table 10: Services and Interest receipts help to offset the Capital Financing Budget

	2023/24 £m
Repayment of Outstanding Debt	17.6
Contribution from Services	-1.4
Transfer from Financing Reserve	0.8
Interest on Loans	6.0
Less: Interest Receivable on Cash Balances	-2.4
Net Capital Financing Budget	**19.0**

Sources:
Cheshire East Council

123. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2023/24, comprises the following elements:

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

124. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 10**.

125. The Council currently has external borrowing of £205m of which £128m is temporary borrowing with other local authorities. The amount of interest paid on the Council's portfolio of loans is a mix of long-term fixed rates of interest

and low-rate short-term rates of interest (average 2.61%). Currently long-term interest rates are around 4.15%.

126. The income earned on the Council's cash balances that are temporarily invested is budgeted to be £2.4m.

127. The Council sets out the approach to these issues in its Treasury Management Strategy which is in **Annex 11**.

Capital Programme Planning

128. The 2022/23 capital programme was approved by Council on 24 February 2022. Updates have been provided to service committees during 2022/23.

129. The Finance Update reported in November 2022 and the revised profile of spend for 2023/24 onwards forms the base for the 2023-27 programme, which is detailed in **Annex 10**.

130. Capital commitments have been reviewed to identify the profile of expenditure. The complexities around planning applications, public consultation, and dependencies on third parties for external funding can mean that projects are delayed from one year to the next.

131. Spending plans are monitored to ensure a robust quality assurance framework is followed for each project. The governance arrangements safeguard against projects proceeding where costs may escalate. Variances from approved budgets may become subject to supplementary approval in accordance with Financial Procedure Rules. Further details on the governance arrangements for the capital programme are set out in **Annex 10.**

Capital Programme Financing

132. The resources required to fund capital investment in the medium-term is set out in **Table 11** and is based on borrowing that the Council can undertake on a prudential basis, Government grant, the level of capital receipts and external contributions that can be generated over the period.

Table 11: Three Year Capital spending forecasts are very high

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total 2023-27 £m
Committed Schemes	194.8	178.1	218.6	16.3	**607.8**
New Schemes	19.9	20.2	20.4	15.1	**75.6**
Total Capital Programme	**214.7**	**198.3**	**239.0**	**31.4**	**683.4**
Financing:					
Government Grants	115.1	117.4	69.3	19.7	**321.5**
External Contributions	16.8	20.9	56.5	9.9	**104.1**
Revenue Contributions	0.4	0	0	0	**0.4**
Capital Receipts	3.3	1.0	31.5	1.0	**36.8**
Prudential Borrowing	79.1	59.0	81.7	0.8	**220.6**
Total Sources of Funding	**214.7**	**198.3**	**239.0**	**31.4**	**683.4**

Sources:
Cheshire East Council

133. The Council will aim to maximise external resources such as grants and external contributions to fund the capital programme. Where Council resources are required the preference is to utilise receipts from asset disposals. The forecast for capital receipts for the period 2022-26 is a

prudent approach based on plans of the Asset Management team and their most recently updated Disposals Programme.

134. The schemes in the Capital Programme, both existing and new proposals, have undergone a prioritisation exercise to ensure they represent value for money, attract external funding or alternatively are affordable within the capital financing budget and do not commit the Council to additional debt repayments that are not affordable in the medium-term.

Borrowing for Capital Expenditure

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

136. The level of Prudential Borrowing required in 2023/24 and in future years is detailed in **Annex 10** Prudential Borrowing Indicators. The revenue consequences have been considered as part of the medium-term strategy to ensure they can be afforded in future years.

Government Capital Grants

137. **Annex 8** provides a list of Government grants that are supporting the Cheshire East capital programme.

Other Economic Factors

138. The Council assess its financial position over the next four years by using a financial scenario model. It is based on a series of planning assumptions and is updated through the year as more accurate forecasts become available. Allowance is made in the 2023/24 budget for other economic factors, such as pay inflation of £13.2m, which is higher than expected. c.£9m of this is as a result of under budgeting for the 2022/23 pay inflation required due to the sharp increase in inflation rates not having been forecast at the time of the budget setting in February 2022. A higher than usual increase in pay inflation of 5% has been forecast for 2023/24 to align to the continuing inflationary pressures on the pay bill.

139. The Budget Report for 2023/24 reflects inflationary pressure in waste services, utilities and other areas, but continues the theme of not including a central allowance for non-pay inflationary pressures on the basis this is being mitigated by effective contract management, service efficiency proposals, changes in services provided or increased charges.

Employer Pensions Contributions

140. The Cheshire Pension Fund (the Fund) undertook the formal triennial actuarial valuation in March 2022. The valuation is a statutory requirement of the LGPS Regulations and provides a health check of the Fund against an appropriate funding target and a review of its funding plan.

141. Funding positions for all the Councils in the Fund have improved since 31 March 2019 and Cheshire East's funding position has improved to 98%.

142. Given the improvement in the funding position since 2019, the modelling done by the Pension Fund confirmed that contribution rates could be reduced at this valuation in line with the existing stabilisation parameters.

143. The modelling conducted by the Pension Fund has identified the target rate for each Council as 20% of pay. This rate is similar to the primary rate calculated at the 2019 valuation and the modelling confirmed that this remains an appropriate long-term rate to fund the cost of future LGPS benefits and no open, long-term employer should pay less than this rate.

144. The table below summarises the impact of keeping the stabilising parameters as per the current Funding Strategy Statement and reducing contribution rates in line with the existing stabilisation parameters (step down by 1.5% of pay per annum) to a target rate of 20.0% of pay:

	2023/24	2024/25	2025/26
Proposed contribution rates	26.7%	25.2%	23.7%

145. During 2022/23 the contribution rates were reduced after service budgets had already been set. This resulted in a central pension credit budget being created to manage the overall contribution payments due to the Pension Fund. For 2023/24, along with the further reduction in contribution rates, the central credit budget has been realigned over the service budgets to ensure that recoupment from services aligns to the actual contributions required by the Fund.

Debt Management

146. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £0.8m since the end of June.

147. Annually, the Council raises invoices with a total value of over £90m. 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.

148. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.

149. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor).

Managing the Reserves Position

150. The Council Reserves Strategy 2023/24 states that the Council will maintain reserves to protect against risk and support investment. The Strategy is updated each year and the latest update is provided at **Annex 13**.

151. The Strategy identifies two types of reserves:

- **General Reserves**
  Balances in this category are not identified for specific purposes but will be used to cushion against the impact of emerging events or genuine emergencies.
- **Earmarked Reserves**
  Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.

152. Further details, such as opening and closing balances and protection against financial risks, are contained within the Reserves Strategy at **Annex 13**.

Summary of Financial Stability

153. **Table 12: summarises the position for 2023/24 to 2026/27.**

Table 12	Estimated Net Budget 2023/24 £m	Estimated Net Budget 2024/25 £m	Estimated Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m
Total Service Expenditure	**340.8**	**354.4**	**361.5**	**374.5**
Central Budgets:				
Capital Financing	19.0	20.0	21.0	22.0
Income from Capital Receipts	-1.0	-1.0	-1.0	-1.0
Bad Debt Provision change	-0.6	-	-	-
Use of (-) / Contribution to (+) Earmarked Reserve	-5.0	0.6	-	-2.2
Total Central Budgets	**12.3**	**18.4**	**19.9**	**18.8**
TOTAL: SERVICE + CENTRAL BUDGETS	**353.1**	**372.7**	**381.5**	**393.3**
Funded by:				
Council Tax	-271.1	-287.9	-299.6	-311.5
Business Rates Retention	-55.3	-55.3	-55.3	-55.3
Revenue Support Grant	-0.4	-0.4	-0.4	-0.4
Specific Grants	-26.4	-29.1	-26.1	-26.1
TOTAL: FUNDED BY	**-353.1**	**-372.7**	**-381.5**	**-393.3**
FUNDING DEFICIT	**0.0**	**0.0**	**0.0**	**0.0**

Note – figures may not add down exactly due to roundings

154. Service expenditure for 2023/24 is shown as **£353.1m**. This represents an increase of £25.4m (7.8%) on the Budget at the 2022/23 Financial Year Update position.

155. The Funding Available to Services in 2023/24 is estimated at **£353.1m** to give a balanced position.

156. Proposals were received in a Better Business Cases Five Case Model format, with associated Equality Impact Assessments, and were subject to detailed scrutiny by corporate enabling services through several iterations before being accepted into this budget; these business cases will be developed into the delivery phase.

Forecasting the Medium-Term Budget 2023/24 to 2026/27

157. The Council has a track record of balancing the revenue budget, spending in-line with the forecasts, and maintaining adequate reserves to protect against risk and provide necessary investment. In 2022/23 this has been a significant challenge due to large inflationary increases and has required in-year mitigating activity and higher than forecast use of reserves.

158. The overall approach to funding is sound, and has been for some time, in that local sources of income such as Council Tax and Business Rates will continue to fund a large share of local costs in the future, so a pro-growth approach is appropriate.

159. The Medium-Term Financial Strategy reflects a balanced position for each of the next four years with a mix of specific policy proposals in each Service alongside a medium-term approach to Council Tax increases.

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

Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to Government funding and inflation in particular are checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in Council Tax and business rates is explored in relation to emerging Government policy, demographic changes, local service ambitions and growth in the taxbase.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four and Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure outcomes will be achieved in a cost effective and efficient way.

161. Detailed information on how these measures have been addressed can be found on the Council's website as background information: Cheshire East Budget.

Annexes to the Medium-Term Financial Strategy Report 2023-27

February 2023

An Open, Fairer, Greener Cheshire East

Cheshire East Council

1. Corporate Plan 2021 to 2025

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

Open

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

Fair

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

Green

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

Our Priorities

An open and enabling organisation

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

A council which empowers and cares about people

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

A thriving and sustainable place

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

Our Values

We are **flexible**

We **innovate**

We take **responsibility**

We deliver the **service** that customers need

We use effective **teamwork**

2a. Business Planning Process - Engagement

Introduction

2.1 Due to unprecedented budget pressures resulting from the current cost of living crisis, post COVID-19 legacy pressures and exceptionally high inflation, the Council could not prepare a balanced draft budget during 2022 for early consultation as has been the case in previous years. This challenging financial situation has resulted in extensive additional work to establish the balanced budget contained within this MTFS.

2.2 Therefore, Cheshire East Council conducted a shorter engagement process on its Medium-Term Financial Plans through a number of stages running from January 2023 to Council in February 2023.

2.3 Where consultation with specific stakeholder groups is required in relation to specific proposals, this is being identified as part of the proposals High-Level Business Case. Therefore, some of the proposals remain "subject to consultation", and further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.

2.4 The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is subject to change. The Council deals with financial risk by factoring into its minimum level of reserves an allowance for negative changes to proposals arising from consultation or delayed implementation.

Background

2.5 Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools' Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.

2.6 This analysis helps to inform the consultation process for each Budget and continues to identify additional channels of communication which are used to facilitate consultation with more of our stakeholder groups.

2.7 The key events that have happened during 2022/23 in setting the budget for 2023/24 are outlined over the page.

2.8 A comprehensive suite of engagement events took place during January 2023 and all the feedback received by the Council from stakeholders or Committees was considered at Corporate Policy Committee on 9 February 2023.

Key Engagement Events

Event	Date	Comments
Finance Sub-Committee	2 March 2022	Aligning the Medium-Term Financial Strategy (MTFS) to the Committee Structure
Children and Families Committee	23 May 2022	Aligning the Medium-Term Financial Strategy (MTFS) to the Committee Structure
Adults and Health Committee	30 May 2022	Aligning the Medium-Term Financial Strategy (MTFS) to the Committee Structure
Economy and Growth Committee	31 May 2022	Aligning the Medium-Term Financial Strategy (MTFS) to the Committee Structure
Corporate Policy Committee	9 June 2022	Aligning the Medium-Term Financial Strategy (MTFS) to the Committee Structure
Highways and Transport Committee	16 June 2022	Aligning the Medium-Term Financial Strategy (MTFS) to the Committee Structure
Environment and Communities Committee	1 July 2022	Aligning the Medium-Term Financial Strategy (MTFS) to the Committee Structure
Finance Sub-Committee	6 July 2022	Receive 2021/22 Financial Outturn Report.
Corporate Leadership Team	August	Review base budget (in conjunction with outturn for 2021/22)
Finance Sub-Committee	7 September 2022	Review the Medium-Term Financial Strategy Reserve
Corporate Policy Committee	6 October 2022	Received 2022/23 First Financial Review position

Event	Date	Comments
Finance Sub-Committee	9 November 2022	Received 2022/23 First Financial Review position (including updates for Grants and Capital Programme)
Finance Sub-Committee	9 November 2022	Received Grants Register Report
Environment and Communities Committee	10 November 2022	Received 2022/23 First Financial Review position (including updates for Grants and Capital Programme)
Children and Families Committee	14 November 2022	Received 2022/23 First Financial Review position (including updates for Grants and Capital Programme)
Economy and Growth Committee	15 November 2022	Received 2022/23 First Financial Review position (including updates for Grants and Capital Programme)
Autumn Statement	17 November 2022	Announcements on funding position for 2023/24 from Central Government.
Corporate Leadership Team with Policy Chairs	Post Autumn Statement	Consider all policy change options in light of funding announcements
Adults and Health Committee	21 November 2022	Received 2022/23 First Financial Review position (including updates for Grants and Capital Programme)
Highways and Transport Committee	24 November 2022	Received 2022/23 First Financial Review position (including updates for Grants and Capital Programme)
Corporate Policy Committee	1 December 2022	Receive 2022/23 Updated Financial Year Review. Consider the Domestic Taxbase and Council Tax Support Scheme for 2023/24

Event	Date	Comments
Corporate Leadership Team with Policy Chairs	December	Finalise draft budget proposals for January consideration by Committees
Council	14 December 2022	Agree the Domestic Taxbase and Council Tax Support Scheme for 2023/24
Provisional Funding announcements	19 December 2022	Confirmation of Autumn Statement funding announcements from Central Government.
Town & Parish Councils Budget Session (1 of 2)	12 January 2023	Considered Budget Engagement report
Children and Families Committee	16 January 2023	Considered Budget Engagement report
Trade Union Budget Session	16 January 2023	Considered Budget Engagement report
Economy and Growth Committee	17 January 2023	Considered Budget Engagement report
All Member Budget Session (1 of 2)	17 January 2023	Considered Budget Engagement report
Finance Sub-Committee	19 January 2023	Considered Budget Engagement report
Adults and Health Committee	23 January 2023	Considered Budget Engagement report
Town & Parish Councils Budget Session (2 of 2)	24 January 2023	Considered Budget Engagement report

Event	Date	Comments
Highways and Transport Committee	26 January 2023	Considered Budget Engagement report
All Member Budget Session (2 of 2)	31 January 2023	Considered Budget Engagement report
Manager Share & Support Budget Session	31 January 2023	Considered Budget Engagement report
Cheshire East Business Forum Budget Session	31 January 2023	Considered Budget Engagement report
Final Funding announcements	February 2023	From Central Government.
Environment and Communities Committee	2 February 2023	Considered Budget Engagement report
Corporate Policy Committee	9 February 2023	Consider final MTFS Report and Consultation feedback and recommend proposals to Council.
Cheshire East Schools Forum Budget Session	16 February 2023	Considered Budget Engagement report
Council	22 February 2023	Debate and approval of 2023/24 budget and Council Tax levels.

2b. Budget Engagement Report

See separate document.

3. Impact Assessment

Executive Summary

3.1 This annex sets out the impact the budget has on the Council's various stakeholder groups. It is important that people can understand the consequences of the Council's proposals on their lives and the following impacts are expanded on in this section:

1. **Households** – This section looks at the financial impact of this budget on some of the 185,000+ households in Cheshire East.

2. **Businesses** – This section looks at the impact of proposals on some of the 19,000 businesses in the area.

3. **Council Partners and Stakeholders** – This section focusses on who the Council works with to achieve shared outcomes.

4. **Local Environment** – The Council is committed to being carbon neutral by 2025, and this section identifies how this budget helps our ambition.

5. **Equality, Diversity and Inclusion** – The Council's EDI strategy sets out our vision and this section identifies how this budget supports our approach.

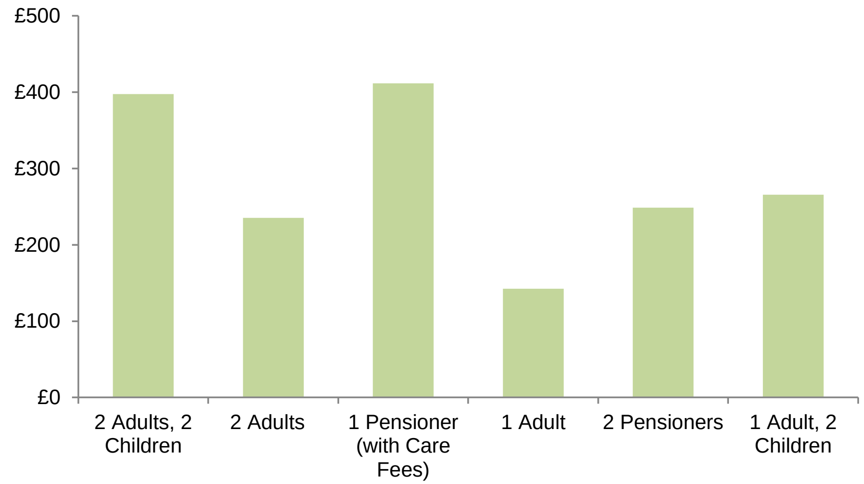
1. Household Impact

3.2 The 2023/24 Budget is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation to services. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.

3.3 A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.

3.4 **Chart 1** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Consumer Price Index (CPI), as at September 2022, were to be applied.

Chart 1: Households would face £284 increases in costs if simple inflation was applied to charges



Source: Cheshire East Finance

3.5 Every service within the Authority is refining and updating a Charging and Trading Strategy which sets out the rationale for setting/changing fees and charges within that area.

3.6 The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.

3.7 **Chart 2** below illustrates the anticipated annual increases per household when applied to the same variety of services.

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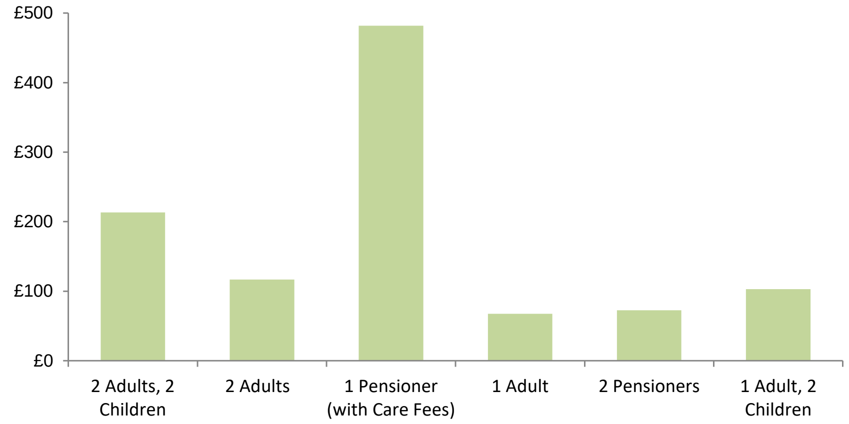
Chart 2: Forecast increases in costs are split appropriately across all groups



Source: Cheshire East Finance

3.8 The anticipated average increase per household is £176. This is £108 lower than an average increase of £284 if CPI at 10.1% had been applied across all services. This is due to the Council Tax increase being 4.99% which is well below the September CPI rate. Fees and charges in these typical household examples are still in the process of being agreed for 2023/24.

Note:
Typical households are made up as follows:

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

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

2. Business Impact

Impact of the 2023/24 Budget Proposals on Businesses and the Economy

3.10 The Council takes a proactive role in engaging with and supporting local businesses. During the Pandemic, the focus of the team changed from supporting businesses with new growth and investment opportunities to supporting existing businesses to survive. The Business and Growth Team led the Council's economic response to the pandemic and oversaw the management and delivery of £19.6m of discretionary grant funds. In total, the Team provided grants to over 2,300 businesses. To achieve this however, the core team had to be supplemented with short term secondments from other service areas and additional temporary staff.

3.11 The team has now returned to its normal staffing levels of four full time employees with a renewed focus on promoting growth and investment opportunities across the borough. An Inward Investment plan has been developed which is more closely aligned with the place-based approach reflected in the Corporate Plan and Place Marketing Plan. The next phase of this plan now requires the creation of marketing assets and campaign material to promote the investment opportunities in each of these defined places. This will include development of investment prospectuses for each location, design and publication of a new web portal dedicated to attracting inward investment and development and implementation of a new Cheshire East 'Ambassador Programme'. The content created for this campaign material will form the basis of local, national and international place marketing and inward investment messaging.

3.12 The success of this approach was demonstrated by the recent opportunity to submit an expression of interest for the national headquarters of Great British Railways (GBR). The research undertaken during the development of the Inward Investment Plan meant we had the key facts and figures ready to be able to produce a high-quality Expression of Interest which resulted in Crewe being shortlisted in the final 6 out of 48 places.

3.13 The ability to promote and attract new investment into our towns and rural areas is a vital element of the long-term regeneration of these places. Without investing in high quality research, marketing collateral and investor development support, the ability to attract and respond to investment enquiries will be severely limited.

3.14 Another area of focus going forward will be the provision of support to new start-up companies and small companies with growth potential. For the last 5-6 years, this type of support has been provided by the Cheshire & Warrington Growth Hub but recently the core Government funding for the Growth Hub has been cut and the existing European Funded programmes that the LEP and Growth Hub managed and delivered are coming to an end. This is due to be replaced by the UK Shared Prosperity Fund which will now be managed directly by Cheshire East Council.

3.15 The Economic Development service led on the development of the UK Shared Prosperity Fund investment plan for Cheshire East. This plan delivers up to £11.6m core funding for 2022/23 to 2024/25. The fund is across three broad areas, communities and place, supporting local business and people and skills.

3.16 £4.1m UK Shared Prosperity funding is to support local businesses. The management and delivery of these business support projects will require additional staff capacity and capability.

3.17 Typical Facts:

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

Town Centres

3.18 The Council has made significant commitments to the regeneration of Crewe town centre and approved the town's Regeneration Delivery Framework in 2015. This framework outlined the plan for helping Crewe prepare itself as a HS2 station location. As part of this plan the following activities have been delivered or are being progressed:

- Plans have advanced for the redevelopment of the Royal Arcade site. The scheme was granted planning consent as a two-phase scheme; the first phase comprising a new bus station and 400+ space multi-storey car park is expected to be completed in 2023.
- Up to £37m has been secured via two government regeneration programmes (Future High Street Fund and the Towns Fund) to develop projects that 'provide more reasons for more people to visit the town centre more often'. The business cases for the ten towns fund projects have been agreed and signed off by the government.
- Following the Economy and Growth Committee in November 2022, which reviewed the progress of the regeneration of Crewe, the Committee agreed to withdraw The Lyceum Powerhouse project and to use the funding to mitigate the cost inflation that all projects are facing. A Project Adjustment Form has been submitted to DLUHC to progress this decision.

3.19 Regarding other towns, the Council has committed in the Corporate Plan to pursue strategies and plans to support all the borough's town centres. An element of the Economic Development team is therefore focused on town centres other than Crewe.

3.20 The Council approved a Strategic Regeneration Framework (SRF) for Macclesfield Town Centre in October 2019. With the successful delivery of the Cheshire East Council funded £1.7m Castle Street public realm scheme (which has lifted the quality of this high vacancy street with private sector investment now evident in longstanding vacant premises in the immediate locality), internal budgets for supporting the Macclesfield regeneration programme are greatly diminished to around £349,000. It is proposed that this budget is retained within the Economic Development capital budget to be utilised for other regeneration projects aligned to the Macclesfield Town Centre SRF.

3.21 There is limited Cheshire East Council funding available for town centre activity outside of Crewe. However, there is up to £5.6m of UK shared prosperity fund to support investment in the communities and place workstream. Work is underway town and parish councils to develop projects focused town centres. This work is supported by the Town Centre Vitality Plans intended to set out a clear direction for the support of other town centres, again with no commitment to funding from Cheshire East Council but rather as a tool to support any cases for external funding, given that typically bids for external funding require evidence of agreed plans for spend.

3.22 The component of the Economic Development team focused on town centres other than Crewe is also focused on securing and spending other available sources of external funding for town centres and wider economic development, and has been responsible for managing the Welcome Back Fund, for securing an Avanti Community grant for the Macclesfield Treacle Art Trail, for developing the Investment Plan needed to secure £11.5m of Shared Prosperity Funding, and taking a lead for the Council in enabling the Wilmslow Business Improvement District which will secure £2m over five years for Wilmslow Town Centre. Moving forward this team will be key in leading on the management of the Shared Prosperity Fund, on responding to an expected proposal for a Business Improvement District in Crewe.

3.23 Because of the limited funding which has been available for town centre work outside Crewe, this team are already extremely conscious of managing external expectations around funding and working collaboratively with external partners such as Macclesfield Town Council to ensure synergy between projects such that when such partners have any funding available efforts are made to ensure this is spent in a manner which aligns with Corporate priorities.

3.24 To support the financial position of the Council, despite having such limited funding for town centre work, £128,000 of Welcome Back Funding, which it had been intended to utilise to support modest town centre improvement projects has been offered up as a saving. This is a significant proportion of the budget for town centres outside Crewe and will have an impact on what can be delivered to support town centres.

Business Rates multipliers for 2023/24

3.25 Multipliers for business rates normally increase each year by CPI. The Government announced in the Autumn Statement that the multiplier will freeze for 2023/24.

- Standard Multiplier at 51.2p* in the £.
- Small Business Multiplier 49.9p** in the £.

(* Includes supplement to fund small business rate relief. ** All occupied properties with a rateable value (RV) below £51,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.)

Transitional Scheme for 2023 rating list

3.26 Transitional Relief will cap business rate bill increases each year to a set percentage before other reliefs and supplements:

Upwards Caps	2023/24	2024/25	2025/26
Small Property (RV up to £20,000)	5%	10%	25%
Medium Property (RV between £20,000 to £100,000)	15%	25%	40%
Large Property (RV greater than £100,000)	30%	40%	55%

The above percentages are set in legislation by Central Government. This will continue to help businesses that face a large increase in their rates payable following the latest revaluation in April 2023. Properties that have had a reduction in Rateable Value (RV) will benefit from the full decrease.

Small Business Rate Relief (SBRR)

3.27 Properties with RV below £12,000 where the ratepayer meets the criteria will receive 100% relief and properties between £12,000 and £15,000 will receive tapered relief.

3.28 Continuation of amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs.

Supporting Small Business (SSB)

3.29 This relief is to be awarded to businesses that face a large increase following the revaluation in 2023, as a result of the loss of small business or rural rate relief. The scheme will cap bill increases at £50 per month (£600 per year). Government will fully reimburse the Council for the actual cost of this scheme.

Rural Rate Relief

3.30 Mandatory relief for rural businesses will continue at 100% for qualifying properties.

Retail Discount

3.31 In the Autumn Statement 2022 the Government announced that relief for eligible retail, hospitality and leisure businesses will continue. Eligible properties will receive 75% relief up to cash cap of £110,000 per business. This is a temporary relief and Government will fully reimburse the Council for any loss of income.

Supplementary Business Rates

3.32 There are no proposals for Cheshire East Council to charge supplementary rates in 2023/24.

Business Improvement District (BID)

3.33 Wilmslow Town Centre BID commenced on 1 November 2022 for a five-year period. Separate BID demands are issued to businesses within the BID area. The BID levy for 2023/24 will be 1.5% of the RV for all hereditaments with a RV of £15,000 and above, this will increase by 0.05% each year from 2024/25.

3.34 Feasibility studies are underway for a Business Improvement District (BID) in Crewe.

Local Retention of Business Rates

3.35 From 1 April 2013 Cheshire East Council retains c.28% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. The Medium-Term Financial Strategy (**Annex 5**) sets out the Council’s ambition and forecast income from promoting economic development.

Local Discretionary Rate Relief

3.36 Cheshire East Council has the discretion to award rate relief to any ratepayer. Applications are considered on an individual basis. Relief would only be awarded where it was in the Council Taxpayer’s interest to do so.

Payment of Business Rates

3.37 Continuation of the option to spread business rates bills over 12 months rather than 10 months. In addition, we will make special arrangements with businesses to extend their instalments into 2023/24 to assist with recovery from COVID-19.

Improvement Relief

3.38 In the Autumn Budget 2021 the Government announced a new improvement relief to ensure ratepayers do not see an increase in their rates for 12 months as a result of making qualifying improvements to a property they occupy.

3.39 This was due to take effect from 2023 but has been delayed and is due to be introduced from April 2024.

Revaluation

3.40 The draft rating list for 2023 has been received with RV's effective from 1 April 2023.

3.41 Revaluation of business rate premises by the Valuation Office Agency will move to a three-yearly cycle from 2023 with the next revaluation in 2026.

3. Council Partners and Stakeholders

3.42 The Council is fully committed to creating platforms for cross sector partnership working to ensure resource is maximised to provide the best possible services. Developing a shared vision across Cheshire East on key priorities is best practice to achieve the most effective outcomes for our residents. The key areas of cross sector working, including examples, are as follows:

1. By developing integrated approaches across the Public Sector, we are seeing joined up offers for local people whilst having a greater understanding of the local needs of our population.
   - The Integrated Care Partnership across Cheshire East will explore how commissioning activities can be developed, focusing on population health.
   - The 8 Care Communities partnerships across health and social care are understanding the local health inequalities and identifying solutions to keep people fit and well.
   - Our ongoing partnership operations with Cheshire Police is making Cheshire East a safer place to live.
   - The fast growing partnership arrangements with Cheshire Fire and Rescue to gather local intelligence and undertake safe and well checks are having an impact on the prevention agenda.

2. By working collaboratively with business and industry we are wanting to protect our businesses, grow our opportunities for local people whilst improving the environmental impact across the borough.

   - A Social Value movement across Cheshire East has developed a network through a Social Value award. This allows all partners to show their commitment to making their organisation and the impact they have to be even greater on the environment, the economy and in our communities.

   - By developing trusted relationships through Regulatory Services, Economic Growth and Regeneration we support business and industry to flourish across Cheshire East.

3. By working closely with Town and Parish Councils to gather local intelligence, disseminate key messages, and promote resident engagement.
   - During the pandemic the ability to recruit volunteers and support the most vulnerable happened at a local level, Cheshire East Council with the support of several Town and Parish Councils alongside the Voluntary sector created partnerships now known as Volunteer Co-ordination Points. This work is continuing to provide local support to local people. Joint Volunteer “Thank You” events acknowledged the valuable support and contribution of volunteers.
   - The development of a Crowdfunding site has created a partnership approach to local projects, it allows partners to come together to create, promote and fund projects in a transparent and inclusive way whilst engaging with local residents.

4. By working closely with the Voluntary, Community and Faith Sector we are gaining even more insight into the needs of residents and how Council statutory services

can be complimented by more localised approaches that build on the skills that exist within communities.

- The Voluntary, Community and Faith Sector Leaders group are now key stakeholders in any Councils coproduction activities.
- The Social Action Partnership are working across the VCFSE sector creating purpose-built partnerships that enhance the local offer and provide either more or joined up resources within communities.
- Local Neighbourhood Partnerships representing the beating heart of their communities where resource, ideas and opportunities are shared each month which result in the development of local activities.

3.43 This cross-sector working will allow us to unite on key priorities such as building our local economy, investing in our local environment, and developing opportunities that meet the needs of our communities. Using data, input from the VCFSE sector and voice of the residents, a holistic approach is enabled.

3.44 The Council is keen to build on existing relationships and always seek opportunities to develop new relationships to achieve a range of shared priorities.

3.45 **Town Councils:** The funding of Cheshire Association of Local Councils to support the relationships and strong communication between Cheshire East Council and Town and Parish Council can provide consistent approaches to local communities. Recent positive examples of collaborative working are the Cost of Living Crisis and Ukrainian support.

3.46 **Neighbourhood Partnerships:** The development of 15 place based Neighbourhood Partnerships brings together a range of partners including the Voluntary, Community and Faith sector, Public sector, Private sector and local residents to understand local priorities based on accessible data and local intelligence. As a partnership they collaboratively create and tailor projects to suit the communities needs building on existing assets. Trust is built once positive relationships are formed, thus enabling timely support aligned to the changing needs of Cheshire East residents.

3.47 **Connected Communities Centres:** by recognising our key partners that have accessible venues in our communities, we have developed a social franchise model to host a range of activities and support local residents. Each of the 30 centres delivers services tailored to their community, from coffee mornings, computer classes and line dancing, to learning a language, sharing a problem, and offering space and support for local residents to turn their interests and passions into a group or activity that will benefit their wider community. The free room hire offer has enabled new start-up groups, including peer support groups and sessions to support locally agreed priorities.

3.48 **Local Residents:** Local people are Cheshire East Council's key stakeholders. We work to consult and engage on various issues and changes the Council make across the borough. One example of how we encourage our communities to remain strong and supportive is the availability of the Cheshire East Bright Idea fund which allows the Voluntary, Community and Faith sector as well as local people to apply for funding to improve their local community. Behavioural Insights training has improved the way staff engage/encourage resident input.

4. Carbon Impact

3.49 The Council committed to be carbon neutral for its own emissions by 2025, and has pledged to work with businesses, residents, and organisations to achieve borough wide carbon neutrality by 2045. Our Environment Strategy and Carbon Action Plan sets out the Council's policy on the Environment and how it will achieve carbon neutrality by 2025 and influence carbon reduction across the borough.

3.50 The Council 2025 target will be achieved though Council carbon reduction measures, sustainable energy production and carbon offset through locally focused environmental schemes such as large-scale tree planting sequestration (long-term removal of carbon from the atmosphere).

3.51 To assess progress against our carbon neutrality commitment, we have assessed all new savings and growth proposals for the estimated annual change in the Council's carbon emissions – whether positive or negative – so that we can more effectively monitor progress and encourage climate action in everything we do. This, alongside measures which have been previously funded, provides our anticipated progress towards carbon neutrality.

3.52 In the previous Medium-Term Financial Strategy 2022-2026 the projected combined impact of previous measures and significant new proposals moved us to within 1% of the 2025 carbon neutral target. This Medium-Term Financial Strategy moves us further in light of some significant changes in the Council's carbon footprint.

3.53 We continue to see an increased demand for space heating driven by increased ventilation requirements as a result of the pandemic and increasing utilisation. We are tackling this through accessing external grant funds through the Public Sector Decarbonisation Scheme and others to install heat pumps in buildings across our estate.

3.54 Our fleet has not decarbonised as quickly as projected, due to a lack of availability of electric vans and cars caused by global supply chains. To tackle this, we continue to understand the role of hydrogen, introduced electric pool cars, are installing electric vehicle charging points across our estate, and have brought forward a new proposal for an acceleration in adoption of electric vans and cars.

3.55 Overall, the funded measures to date and in this strategy exceeds our carbon neutrality target by 3%, providing a contingency given pressures on increased use, and if we do not gain the expected benefit of all investments. Further pipeline projects are in development to provide additional contingency.

Carbon Impact of Measures	Tonnes of CO2 equivalent
Carbon footprint of the Council's operations	13,968
Anticipated net impact of previously funded measures	-13,638
Estimated net impact of new savings / proposals	**-695**
Projected net impact of all measures	-14,333
% towards carbon neutrality by 2025	103%

5. Equality Impact Assessment

3.56 Our vision is to make Cheshire East a welcoming place, where equality, freedom, fairness and opportunity are open to all. We want everyone to feel valued, to celebrate diversity and to understand people's different needs and aspirations whether they are living, visiting or working here and we will celebrate backgrounds, experiences, beliefs and faiths, genders, sexual orientations, disabilities and ages.

3.57 To achieve our vision, it is important to consider all individuals when carrying out day to day work. Services do this by providing evidence in the form of an Equality Impact Assessment (EIA) to demonstrate that they have considered the impact of their work on different groups protected from discrimination by the Equality Act 2010.

We will:

Include	Inspire	Integrate	Inform	Impact
Listen and involve all voices	Celebrate and promote our diversity and the positive opportunity it brings	Deliver and promote accessible services for all	Empower people to respectfully challenge discriminatory and poor behaviour	Support and deliver meaningful change

3.58 The EIA ensures that services consider if there are any negative consequences for each of the 'protected characteristics' as detailed in the Equality Act 2010.

3.59 An EIA is carried out on:

- All new functions, policies, procedures and services as they are developed
- Significantly altered functions, policies, procedures and services
- On existing functions and policies
- All consultations before they are published.

3.60 For all the budget proposals an EIA has been carried out where appropriate. For some proposals it is recognised that these are at a concept stage, therefore for these proposals, an initial screening activity has been carried out with the expectation that a full and detailed EIA will be completed in due course, where this is required, and 'due regard' will be taken of any findings and analysis.

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

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

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

3.63 EIA's are published can be found via this link EIA.

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

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

3.66 The proposals within the MTFS include both positive and negative impacts.

3.67 There are savings proposals which could have a negative impact on those with protected characteristics and where appropriate mitigation will be required. These will be subject to more detailed equality impact assessments and consultation before any final decisions are made.

3.68 The Corporate Plan vision reinforces the Council's commitment to meeting its equalities duties, promoting fairness and working openly for everyone.

3.69 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.

3.70 The Council provides essential services such as Social Care, Education, Highways, Economic Development and Waste that will lead the way in achieving this vision for local people. Council services are funded mostly from Council Tax, with additional contributions from business rates and government grants and managing these resources appropriately enables our plans to be sustainable over the medium-term.

3.71 The vision will be achieved by being a transparent organisation that cares for the people who need our support as we develop a locally sustainable place. The Corporate Plan that articulates the vision, and how we will make it a local reality, was approved by Council in February 2021.

Budget 2023/27 Cumulative Equalities Impact Assessment

Purpose of assessment

3.72 This assessment of the equalities impacts of the proposals set out in the Council's Budget for 2023/27, provides an assessment of the (cumulative impact) likely impacts of the budget savings on residents and employees with 'protected characteristics' as defined by the Equality Act 2010.

Context

Our commitment to fairness and equality

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

3.74 The vision will be achieved by being a transparent organisation that cares for the people who need our support as we develop a locally sustainable place. The Corporate Plan that articulates the vision, and how we will make it a local reality, was approved by Council in February 2021.

3.75 EIA's are an important part of ensuring our services are responsive to the needs of our diverse communities and help tackle inequalities, creating a fairer borough for all. Each of the savings proposals set out in this budget has been considered through an equalities lens and, where there is a potential or perceived negative impact, a full EIA has been undertaken and actions identified to mitigate the impact.

3.76 These individual assessments have been used to inform this overall assessment of the impacts of our budget savings proposals on residents and staff and, in particular, on any specific group.

Our priorities

3.77 The vision is ambitious and long-term and we are making progress towards delivering it.

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

Our aims are:

- **Open** - An open and enabling organisation
- **Fair** - A Council which empowers and cares about people; and
- **Green** - A thriving and sustainable place.

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

Our legal duties

3.80 Under Section 149 of the Equalities Act, the Council has a legal duty to have "due regard" to the need to:

- eliminate unlawful discrimination, harassment and victimisation;
- advance equality of opportunity; and
- foster good relations between different groups.

3.81 The precise wording of the Public Sector Equality Duty (PSED), together with a list of the 'protected characteristics' defined in the Act, is set out at **Annex A**.

3.82 We are required to demonstrate fulfilment of our duty to pay 'due regard' in the decision-making process and, as such, we need to understand the effect our policies and practices have on equality. Although the Council is not legally obligated to reject savings or growth proposals that could have negative impacts on any particular groups, it must carefully and with rigour consider the impact of its proposals on the PSED, take a reasonable and proportionate view about the overall impact on particular groups, and seek to mitigate negative impacts where possible.

Our diverse population

3.83 Our borough is home to over 398,800 residents and almost 175,000 households. It contains the major towns of Crewe, Macclesfield, Congleton and Wilmslow (with populations above 20,000). There are also a number of other significant centres of population (over 10,000) in Sandbach, Poynton, Nantwich, Middlewich, Knutsford and Alsager.

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

3.85 **Population**: The total population of Cheshire East is over 398,800. Residents aged under 25 represent 26% of this total population, which is significantly lower than figures for both the North West (30%) and England (29%). There are more residents aged 65 and over in Cheshire East (22%) compared to both the North West (19%) and England (18%). There is little difference in gender between the age groups shown, with the exception of residents aged 65 and over where the female population (54%) is notably higher than the male population (46%) partly reflecting differences in life expectancy between females and males.

3.86 **Race**: The majority of Cheshire East residents were born in the UK, at 91.7% this has decreased from 2011 which stood at 94.5%. Poland was the most common county of birth outside of the UK in 2021 (5,700, 1% of usual residents). 22,000 usual residents (5.5%) held a non-UK passport; the most common non-UK passport held was Polish (6,000, 1.5% of all usual residents). 2,600 usual residents had an address outside of the UK one year before the census, up from 2,200 in 2011.

3.87 **Ethnicity**: The most reliable source for data on ethnicity remains the 2021 Census. This is an 18 category self-report measure with an 'any other' write in option. Cheshire East has a high proportion of 'White' residents at 96.6% of the population, higher than the national (81%) and regional average (86%). The figure for 'White: other' population is included in this total as this represents the largest minority group population in Cheshire East (4.0%) but is hidden due to the way 'White' is considered a single homogenous group when reported.

3.88 As part of the "White" ethnic group, 89.6% (357,337) of total population in Cheshire East identified their ethnic group as "English, Welsh, Scottish, Northern Irish or British", this is a decrease from 93.6% (346,264) in 2011.

3.89 The next most common high-level ethnic group was "Asian, Asian British or Asian Welsh" accounting for 2.4% (9.531) of the overall population, this ethnic group saw the largest percentage point increase from 2011, up from 1.6% (6,060).

3.90 **Disability:** The term 'disability' is used to refer to a limiting long-term illness, health problem or disability (LLTI) which limits a person's day-to-day activities. This is usually captured using the decennial Census. The proportion of LLTI residents was 18%, equal to the national figure (18%) but slightly lower than the North West average (20%). Ten percent of residents stated their activities were limited a little and eight percent stated their activities were limited a lot.

3.91 The wards with the three highest proportion of LLTI residents were Sandbach Heath & East (22.4%), Macclesfield Hurdsfield (21.7%) and Macclesfield West & Ivy (21.6%). The proportion of residents with LLTI was lowest in Leighton Ward (9.9%) and Wilmslow Dean Row (11.6%). As might be expected, the prevalence of LLTI broadly increases with an areas' average (median) age.

3.92 **Religion:** The religion question in the 2021 Census was voluntary; 94.5% (376,955) of usual residents answered the question in 2021, in line with the national average of 94.0% and an increase from 93.3% (345,486) in 2011.

3.93 Just over half of the population in Cheshire East described themselves as “Christian” at 54.3% of usual residents (216,629), however this has fallen 14.6% from the figure in 2011 in which 68.9% (254,940) of usual residents described themselves as “Christian.” While the proportion of residents describing themselves as “Christian” in Cheshire East is higher than the national average (46.2%) the decrease between census years was larger than the national decline (13.1%).

3.94 “No religion” was the second most common response, increasing by 15.0% percentage points to 37.7% (150,257) from 22.7% in 2011.

3.95 There were small increases (0.1%) in the proportion of usual residents in Cheshire East responding as “Buddhist” (0.3%), “Hindu” (0.5%) and “Muslim” (1.0%).

3.96 **Sexual Orientation**: Sexual orientation is an umbrella concept, which includes sexual identity, behaviour and attraction. The Census 2021 included a question on sexual orientation, which was a voluntary question asked of those aged 16 years and over. Around 8102 (2.5%) identified with an LGB+ orientation (“Gay or Lesbian”, “Bisexual” or “Other sexual orientation”). Over the last five years national estimates of LGB+ have been estimated to be 1.5% in 2012 to 2.0% in 2017 for the population aged 16 years and over.

3.97 **Pregnancy and maternity**: In 2017 there were 4,607 conceptions to women in Cheshire East.

3.98 This equates to conception rate of 75.5 per 1,000 or approximately 8% of women aged 15 to 44.

3.99 **Marriage and Civil Partnership:** The percentage who were never married and never been in a civil partnership has increased from 28.5% in 2011 to 31.6% in 2021.

3.100 **Gender Reassignment**: There is no accurate figure for how big the transgender community is. Research funded by National Government, carried out by Gender Identity Research and Education Society (GIRES) estimated the trans population as approximately 0.6%-1% of the UK adult population, this would equate to 1,900 to more than 3,000 of Cheshire East adult residents.

3.101 The Equality and Human Rights Commission (EHRC) reported that 100 people out of 10,000 (1%) answered yes to undergoing part of the process of changing from the sex you were described as at birth to the gender you identify with, or do you intend to. Gender variant people present for treatment at any age. Nationally the median age is 42.

The impact of COVID-19

3.102 The legacy of the pandemic continues to be felt across the whole borough. In financial terms the removal of lockdown restrictions and an end to emergency financial support has not led to any period of stability. In fact, the opposite has been true with inflation rising to 11%+ compared to a national target of 2%, and interest rates rising from 0.5% in February 2022 to 3.5%.

The scale of the challenge

3.103 Over 60% of the Council's net budget is spent on providing support for Adults and Children based services. Such services are demand-led and continue to be increasingly complex. Although there are relatively low numbers of service users, compared to the population of Cheshire East, the Council has a responsibility to provide care and support and this is a priority within the Corporate Plan.

3.104 Housing and population growth also brings additional challenges for our key services such as increased education requirements, waste collection and disposal and highway maintenance. There is also inflation in the Council's contracts and annual pay costs.

3.105 Almost 95% of the Council's net budget is funded from local taxation due to very low levels of Central Government support. Central Government support for social care has been increased, recognising the crucial role of these services. However, future settlements from Government seem highly unlikely to provide increases that can match growth and inflation.

3.106 Government expects increasing costs, from growth in demand for services, and that this must be funded locally to achieve national core spending power forecasts. This creates pressure to continue to increase Council Tax levels. In recent years the Council has increased Council Tax specifically to fund the pressures in Adults' and Children's Social Care. The Local Government Association are clear that Council Tax is not the long-term solution to funding.

3.107 There are also a number of individual decisions that will arise over the period of the 2023/24 budget, and these will continue to be the subject of specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis.

Equalities Impacts: overall cumulative impact

3.108 The Council is committed to minimise and mitigate any negative implications of the proposals for those with protected characteristics. At this stage, we have produced and initial assessment of the proposals on those people who share one or more protected characteristics under the Equality Act 2010.

3.109 Our preliminary assessment of the planned activity and budget proposals for 2023/24, indicates that the council is focused on making a wide range of changes during 2023/24 in order to balance its budget and whilst the majority of identified savings through efficiencies are linked to internal systems and processes there are others that would impact our residents and stakeholders.

3.110 Monitoring and mitigation of impact will form a key activity during the period 2023/24, these actions (monitoring, mitigation and analysis) will be informed and influenced by the key mechanisms below:

- **Public Consultation**: Whether or not there is a legal obligation to consult, if consultation takes place, it must be carried out fairly and comply with the Gunning principles. We will use it to understand the potential impact on those with protected characteristics before decisions are taken.

- **Monitoring of impact**: Services must ensure ongoing equalities monitoring of the impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored Council-wide at senior levels within the Council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.

- **Informing decision-making**: The findings of this monitoring should be used to inform the budget-setting process year on year.

- **Equality Impact Assessments**: As the budget proposals are developed, individual Equality Impact Assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected. These will all be reviewed to provide an assessment of the cumulative impact of the budget decisions.

- **Targeting based on need**: Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible e.g. through consultation.

- **Gaps in monitoring**: Where gaps in monitoring have been identified during the equality impact assessment process, steps should be taken to fill these in the forthcoming year. This will enable better modelling of potential impacts and assessments in future.

3.111 The majority of savings will come from efficiencies, maximising the use of the various funding streams the Council has access to and by making better use of technology. These will result in 'back office' changes but with little or no impact on residents.

3.112 However, there are some savings that have the potential to impact upon:

- Those who share one or more protected characteristic
- All residents
- Specific service users
- Staff

Impacts on those who share one or more protected characteristics

3.113 It is expected that will be impacts for residents and stakeholders who share one or more protected characteristics. The level of this impact is not yet fully understood, as proposals are in the early stages of development.

3.114 EIA, engagement and consultation will enable the council to assess fully what these impacts are likely to be. Mitigation, monitoring and changes to proposals, where possible, will enable the council to assess equality impacts reduce any negative impact.

Impacts on specific service users

3.115 There are proposals that relate to changes in services which support specific groups of residents and their families. These include services for vulnerable adults, disabled people, and those with learning disabilities or mental health problems, and children and young people.

3.116 The key impact for these groups is a potential change to the service they currently receive. This may be in the shape of a new provider where services are being recommissioned to achieve savings, or a review of support packages to focus more upon a person's strengths, resources and ability to access help in their community (strengths-based approach), rather than automatically assigning the highest level of care, regardless of needs or abilities.

3.117 Overall, there should be no negative impact on the vulnerable groups these services support as each person will continue to be assessed and to receive the level of support required to meet their needs. Indeed, there may be a positive impact as people are empowered and supported to access help in their community and retain their independence for longer.

3.118 However, there is a risk that service users, families and carers could be unsettled by any change in the normal support arrangements and feel worried that the revised offer will not meet their needs. It will therefore be essential for services to ensure that service users and their families and carers are involved in any review of the support offer, and that the offer is reviewed on a regular basis to identify and respond to any change in needs and tailor the offer accordingly.

Impacts on staff

3.119 The vast majority of staff savings and efficiencies will come from re-shaping services, restructures and not recruiting to vacant posts.

3.120 There are proposals relating to reconfiguring or consolidating teams, bringing common functions together to achieve staff efficiencies. Any changes will be subject to staff and trade union consultation, in accordance with the Council's employment policies and procedures. Where redundancies are necessary, affected staff will be offered support and prioritised for any new jobs being advertised within the Council.

Overall equalities impact assessment

3.121 Looking at the totality of the savings to be delivered in 2023-27, the impacts on Cheshire East residents and staff are assessed as follows:

- There are no significant impacts on Cheshire East residents as a whole – and where changes have been introduced around universal services and charges, vulnerable residents are not disproportionately impacted and those facing socio-economic disadvantage are protected from financial impacts.
- There are some changes to services for specific groups – older vulnerable people, disabled people, including those with learning disabilities, and mental health problems. However, service users will continue to receive the appropriate level of support to meet their needs.
- Where potential impacts have been identified for individual proposals, mitigating actions have been set out which will minimise any adverse impact.
- Several proposals will bring positive impacts for the community and could have a positive impact on service users by supporting them to retain some independence and engage in their community.
- However, some savings proposals, together with wider initiatives will impact vulnerable older people and those

with physical or learning disabilities in particular. Whilst these changes are largely positive, any change can be disruptive. It is therefore essential that we continue to engage with these groups to ensure their voice are heard and that we recognise and respond to any needs and concerns as proposals are developed and rolled out.

- Detailed Equality Impact Assessments will be produced to inform decisions.

3.122 The conclusion is that the Council's proposals for achieving savings are therefore considered reasonable and have shown due regard to the PSED.

Staffing Impacts

3.123 The impacts of these proposals on staff with protected characteristics cannot yet be fully determined, but as numbers are low and spread across a number of services / types of roles, there are unlikely to be any groups disproportionately impacted.

3.124 Any changes to staffing structure will require consultation with staff unions in accordance with the Council's Employment policies and procedures.

3.125 Our established organisational change process ensures we support our staff through this change. Where restructures are proposed we carry out an assessment that identifies the implications for those with protected characteristics and finds ways to mitigate accordingly.

3.126 Where a redundancy situation occurs, we will take several steps including:

- not filling vacancies in advance of a restructure so as many opportunities as possible are available to our existing staff.
- using our redeployment process to help staff at risk find suitable alternative employment within the Council.
- considering alternative options to redundancy such as early retirement, flexible working or other 'working differently' options.
- stress management support and counselling services will be offered to staff through the Employee Assistance Programme to help them cope with the additional pressures that structural change may bring.

3.127 We have an ongoing commitment to making Cheshire East Council an employer of choice and are supporting flexible working opportunities available where possible, including condensed hours, flexible start and end times and part time working.

3.128 The Council is committed to a workforce that is representative of the borough at all levels and will continue to look for new ways to improve progression routes for staff and equip them to be senior managers of the future. We will continue to promote our staff equality forums as a way of engaging with, and listening to, staff and working together to continually improve their experience of working in Cheshire East.

Human Rights and Safeguarding

Human Rights

3.129 It is unlawful for the Council to act in a way that is incompatible with a European Convention right (unless the council could not have acted differently as a result of a statutory provision).

3.130 In deciding whether the interference is necessary, the law applies a proportionality test, including whether a fair balance has been struck between the rights of the individual and the interests of the community.

Safeguarding

Implications for safeguarding in Adult Social Care

3.131 Proposals outlined in this document build on the Council's work on Making Safeguarding Personal (MSP). MSP is enshrined in the Care Act (2014) and our Local Safeguarding Adults Policies and Procedures.

3.132 MSP puts the person at risk of harm or abuse at the centre of decisions and actions about them. MSP respects that adults often bring ideas and solutions which will work best for them and the outcomes they need support in achieving.

3.133 This means that safeguarding adults continues to be integral in the work we are undertaking to really embed strengths-based practice. Ensuring vulnerable adults are safe and focusing on wellbeing is a core element of strengths-based practice and ensures there is consistency in approach whether we are working with a vulnerable person on a support plan or a safeguarding plan.

Implications for safeguarding in Children's Services

3.134 Safeguarding children is about protecting them from maltreatment, preventing their health and development being impaired, ensuring that they grow up in environments which provide safe and effective care and taking action to enable all children to have the best outcomes.

3.135 The mitigation identified for each proposal reduces very significantly the risk of poor safeguarding practice. The Council's mitigation should include not adopting any policy where safeguarding practice is adversely affected.

3.136 The proposals put forward have been tested against effective safeguarding practice. A broad range of quality assurance measures are already in place and will continue to be monitored and responded to robustly.

Monitoring

3.137 Whilst the overall assessment is that there is not a cumulative negative impact on any group as a result of the savings proposals, there is a need to continue to monitor this. Each individual proposal will continue to be reviewed and updated as required. Consultation will be carried out where required to seek the views of residents and service users. The lead officer for each proposal will be responsible for ensuring that equality considerations remain at the forefront of decision making as each of these proposals are progressed.

3.138 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on our residents and stakeholders who share one or more protected characteristic.

Policy Proposals

	MTFS reference and EIA comments
Investment to address demand in adult social care	MTFS reference numbers: 1, 2, 3 & 5
[1] Demand in Adult Social Care - unit cost inflation Growth already experienced to be funded by the Council, arising from price increases in the commissioned care market. Inflation costs arising from the national economic position, specifically, the rate of pay inflation arising from the increase in the National Living Wage compounded by the constrained labour market driving up private sector pay, energy costs in residential and nursing care settings, and fuel costs for domiciliary care.	Demand in Adult Social Care - unit cost inflation does not require an EIA.
[2] Demand in Adult Social Care – complexity Growth already experienced, to be funded by the Council, arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age. Cheshire East Council is experiencing an increase in the number of people seeking, and eligible for social care, and an increase in the complexity of need of individuals eligible for and receiving care and support. This is reflective of the long-term demographic forecasts, which anticipate a faster rate of growth in Cheshire East than the national average.	Demand in Adult Social Care – complexity does not require an EIA.
[3] Investment in Adult Social Care Forecast growth, to be funded by the Council, arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age. Items 1 and 2 above reflect the real expenditure increases incurred by adult social care during 2022/23 up to November 2022. This future growth has been calculated with reference to relevant data from detailed population information including children reaching the age of 18 who will transition into adult services imminently and is shown for each year of the full MTFS period.	Investment in Adult Social Care does not require an EIA.
[5] Care Fee Uplifts in Adult Social Care	Care Fee Uplifts in Adult Social Care does not require an EIA.

Forecast growth, to be funded by the Council, arising from price increases in the commissioned care market.	
Home First Strategy: Increased care at home capacity and alternative care provisions	MTFS reference numbers: 8 & 12
[8] Home First Strategy - increased care at home capacity It is proposed that, the Council works with the NHS to implement the Home First Strategy approach to hospital discharge, reducing the usage of short-term beds to pre-pandemic levels. This will be achieved, in part, by maximising the use of block booked beds and increasing care at home capacity.	Home First Strategy - increased care at home capacity will require an EIA.
[12] Home First Strategy - alternative care provision It is proposed that, the Council works with the NHS to implement the Home First Strategy, increasing the use of technology, working with the voluntary sector developing non-care, community-based support, increasing support to carers, and focusing the use of domiciliary care on the most personal elements of care only.	Home First Strategy - alternative care provisions will require an EIA.
Learning Disabilities Future Service Development and Review, including Building Based Short Breaks Building Based Day Services	MTFS reference numbers: 10, 20 & 22
[10] Learning Disabilities Future Service Development and Review It is proposed to develop alternative approaches to commissioned long-term care and support for people with a learning disability, in partnership with other local authorities and the NHS as appropriate.	Learning Disabilities Future Service Development and Review will require an EIA.
[20] Building Based Short Breaks It is proposed that as part of the review of the Learning Disability service offer, and consistent with the strategy to move away from buildings-based care, the service at Warwick Mews is decommissioned. This will not affect individuals' rights or access to appropriate respite care provision.	Building Based Short Breaks will require and EIA.
[22] Building Based Day Services It is proposed that as part of the review of the Learning Disability service offer, and consistent with the strategy to move away from buildings-based care, the service at the Stanley Centre is decommissioned. This will not affect individuals' rights or access to appropriate day opportunities. Staff will be redeployed within Care4CE.	Building Based Day Services will require and EIA.
Adult social care: Client contribution yield offsetting growth	MTFS reference number: 11

[11] Client contribution yield offsetting growth Increase in income from client contributions arising from the inflation increase for pensions and benefits paid to individuals. Offsets against expenditure growth in proposal 3.	Client contribution yield offsetting growth will not require an EIA.
School transport pressures	MTFS reference number: 24
[24] School transport pressures This growth proposal reflects the increase in special education needs and disabilities (SEND) demand and increasing costs of fuel and contracts. This line includes removal of the temporary £1.2m investment in 2022/23 and factors in savings identified in the external review, the SEND review work and ensures travel support is provided in line with policy and statute.	School transport pressures will require an EIA.
Integrated Children's Service Strategy	MTFS reference number: 35
[35] Integrated Children's Service Strategy This savings proposal is to reduce the establishment and realign service areas to maximise the offer to children and families by reducing duplication and delivering efficiencies in a leaner, integrated structure across the Children and Families Directorate. This will include a review of leadership structures and realising all opportunities including MARS and existing vacancies.	Integrated Children's Service Strategy will require an EIA.
Review of commissioned services across the Children and Families Directorate	MTFS reference number: 38
[38] Review of commissioned services across the Children and Families Directorate Ensure the service is receiving value for money from targeting our resources to maximise service impact.	Review of commissioned services across the Children and Families Directorate will require an EIA.
Reduce cost of Democracy	MTFS reference number: 57
[57] Reduce cost of Democracy Review committee workloads against original design principles. Consider freeze on Member allowances. Reduce use of external venues, travel, expenses, printing. Review number of Committees through merging functions.	Reduce cost of Democracy will not require an EIA.
Office Estate Rationalisation	MTFS reference number: 68
[68] Office Estate Rationalisation	Office Estate Rationalisation will require and EIA.

Rationalisation of the Council's Office space buildings to reflect increased hybrid working, and to secure reduction of business rates and holding costs. Also targeting additional Carbon benefits in retained buildings. This proposal removes two pre-pandemic business cases related to neighbourhood and office buildings (£260k / £460k savings) and replaces them with a proposal to optimise the office estate only at this point. Key assets in the North and South of the borough will be retained and invested in to provide modern workplaces for staff, Members and stakeholders. Consultation will also consider the option to relocate Macclesfield Library to the nearby Town Hall. Surplus assets will be considered for alternative use to generate income through rental or a capital receipt.	
Strategic Leisure Review	MTFS reference number: 90
[90] Strategic Leisure Review Review of current leisure service provision, including buildings costs and subsidies for services across the borough. The review in the medium term will explore opportunities to reduce costs including options to co-locate with other Council services. In 2023/24 the Council will start to progress commissioning of leisure services aligned to health needs, while implanting the appropriate oversight required to support access of Public Health funding.	Strategic Leisure Review will require an EIA.
Maintenance of green spaces	MTFS reference number: 91
[91] Maintenance of green spaces Reduction in existing maintenance regimes to parks, public open spaces and other green spaces - specifically but not limited to frequency of grass cutting, tree and flower bed planting and other related grounds maintenance activities. Opportunity to allow rewilding of specific areas and promote increase in biodiversity.	Maintenance of green spaces will require an EIA.
Review Waste Collection Service - Green Waste	MTFS reference number: 92
[92] Review Waste Collection Service - Green Waste Introduce subscription charging for green waste collections. Subject to consultation with residents this proposal would align Cheshire East Council to most other Local Authorities in charging for the kerbside collection and subsequent disposal of Green Waste. Average charges compared to neighbouring boroughs could raise as much as £4.05m per annum. Changes following consultation would also require significant communication and engagement with residents. Changes could require food waste to be placed in black bins. Any proposal may be subject to review if government guidance is amended in relation to waste collection services.	Review Waste Collection Service - Green Waste will require an EIA.
Libraries - Service Review	MTFS reference number: 93

[93] Libraries - Service Review The Council is not proposing any library closures, but to ensure ongoing affordability of services across the borough this proposal would reduce current opening hours of libraries both during the week and on a Saturday, a review of the mobile library service and funding for purchase of new books and newspapers. Aligned to this and as part of the review seek options to co-locate library sites in to other facilities and at the same time move forward with opportunities for additional income generation based within these sites. Proposals would consider options to work with Town and Parish Councils to mitigate impacts where viable.	Libraries - Service Review will require an EIA.
Household Waste and Recycling Centres - introduce residency checks	MTFS reference number: 101
[101] Household Waste and Recycling Centres - introduce residency checks Introduce residency checks at all HWRC sites to minimise disposal costs of waste being deposited by non-Cheshire East residents.	Household Waste and Recycling Centres - introduce residency checks will require an EIA.
Local Bus	MTFS reference number: 103
[103] Local Bus Forecast cost pressure on local bus services is approximately £3.5m, which was partially mitigated in 2022/23 from Council Reserves. This is unsustainable and the Council cannot afford to fund local bus services at this level. This initiative seeks savings in the level of supported local bus services that must mitigate the impact of inflation and is a direct response to the loss of central government grant. These efficiency savings are considered to be achievable but there are expected to be negative impacts on residents and service-users due to a reduction in the extent of revenue-supported services in the Cheshire East bus network.	Local Bus will require an EIA.
Highways	MTFS reference number: 104
[104] Highways Proposals to support the council’s financial pressures include additional highway’s income from licensing and permits, the reallocation of revenue to capital funding for road maintenance and a reduction in the maximum response times of the highways incident response teams, out of hours. There will be a decrease in the highway revenue budget for carriageway repairs, which will be managed alongside ongoing reviews and profiling of capital expenditure.	Highways will require an EIA.
Energy saving measures from streetlights	MTFS reference number: 105

[105] Energy saving measures from streetlights The Council provide 40,000 streetlights across the borough. Whilst there have been energy saving measures adopted in respect of retrofitting LED's we will reduce our energy consumption further by reducing the number and timing of street lighting in the borough from September 2023. Options will be reviewed to consider priorities and safety aspects associated with turning off alternate lights or turning lights off in the early hours of the morning in some areas.	Energy saving measures from streetlights will require an EIA.
Parking	MTFS reference number: 108
[108] Parking The Council must meet unprecedented and complex challenges with increasing customer expectations to provide a modern, responsive and equitable parking service. The proposals for parking must align operational arrangements and tariffs with corporate priority outcomes for fairness and transparency, including supporting our Town Centres to recover after the pandemic. These proposals will include options for zonal parking charges. The implementation plan will include further consultation. Options are expected to align to an increase in income, or reduction in costs, over the next two years to maintain the ongoing sustainability of the service.	Parking will require an EIA.
Council Tax - % increase	MTFS reference number: 117
[117] Council Tax - % increase Council Tax currently provides 78% of the net funding for Council services and is paid by occupiers and owners of domestic property within the borough. The MTFS includes increases of 4.99% in 2023/24 and 2024/25, and 2.99% each year after that.	Council Tax - % increase will not require an EIA.

Annex A: Public Sector Equality Duty

Section 149 of the Equality Act 2010 provides that:

(1) A public authority must, in the exercise of its functions, have due regard to the need to —

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to —

(a) tackle prejudice, and

(b) promote understanding

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7) The relevant protected characteristics are —

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

4. Risk Management

4.1 The Council continues to develop and embed its risk management framework and risk appetite to ensure that it can manage its performance, achieve corporate objectives and provide an enhanced level of service and outcomes its residents. Risk management is a cornerstone of effective corporate governance and operating a robust framework ensures that there is a mechanism in place to support informed decision-making and appropriate risk mitigation.

4.2 Cheshire East recognises that in pursuit of its objectives and outcomes that it may choose, in some circumstances, to accept an increased degree of risk. Where the Council chooses to accept an increased level of risk it will do so whilst ensuring that the potential benefits and threats are fully understood and continually monitor its exposure. Decisions to this effect are only taken if there is sufficient risk capacity and that proportionate measures to mitigate risk have been established.

4.3 In this constantly evolving environment, with a need to continually adapt to meet legal requirements, economic challenges, demographic and social changes, there is always a danger that emerging risks may not be identified before their impact is felt. The Corporate Leadership Team and Corporate Policy Committees have oversight of the management of existing risks, as well as a role in identifying new and emerging ones. The Council's Audit and Governance Committee has responsibility for ensuring the effectiveness of the Risk Management Framework

4.4 The highest rated risks on the strategic risk register relate to the challenges faced when trying to deliver resident services, with the Council's limited capacity and resources. The scope of the risks includes our key delivery partners and suppliers, and there is a consistent awareness that maintaining financial resiliency is key to ensuring the health and prosperity of the borough.

4.5 There are two strategic risks directly related to fiscal matters, the failure of council funding and the failure of financial management and control. The former relates to the risk that the level of income is insufficient to support delivery of the Corporate Plan. This risk acknowledges that council reserves are not a sufficient, or intended, to support day-to-day operations for any meaningful period. The financial management and control risk reflects the effective planning, recording, allocation, review and transacting of income and expenditure.

4.6 In the table below are the highest rated strategic risks (net score of 12 and above), as at the Q2 review of the strategic risk register, all of which can have an impact on financial stability if not correctly managed, including the allocation of any related budgets.

Highest Rated Strategic Risks Scoring 12 and above (out of 16)		
Ref	**Score**	**Short Risk Title**
SR1A	16	Increased Demand for Adult’s Services
SR1C	16	Increased Demand for Children’s Service
SR2	16	NHS Funding
SR4	12	Information Security and Cyber Threat
SR6	12	Organisational Capacity and Demand
SR7	16	Failure of Council Funding
SR8	12	Political Uncertainty
SR10	16	HS2 Infrastructure Investment
SR12	16	Failure and fragility in the Social Care Market
SR15	12	Failure of the Local Economy
SR16	16	Integrated Care System (ICS) Integration
SR18	16	Delivery of the JTAI Improvement Plan

4.7 Operational risk management is integrated into service planning to ensure that:

- Risks are recognised and mitigated on an ongoing basis, with significant events being escalated appropriately;
- Risk management activity and decision-making is informed by the organisation’s objectives as described in the Corporate Plan; and
- Regular service level risk assessments are carried out to provide an operational perspective on performance

4.8 As a result of the current economic pressures all local council’s leadership teams are being asked to make difficult choices and closely review the scope of their core services. With a number of years of low funding ahead, the careful allocation of resources is more important than ever. Risk management has and will continue to play a key role in understanding and executing organisational objectives when supported by limited resources.

5. Local Taxation (The Collection Fund)

Introduction

5.1 The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

5.2 It is one of the main statements that form part of the annual financial reporting and is contained within the annual Statement of Accounts.

5.3 This annex sets out the taxbase calculation and forecast outturn position for both Council Tax and Business Rates.

5.4 The forecast outturn positions noted in this section will be wholly managed through the Collection Fund Earmarked Reserve and will not impact on the revenue account in 2023/24.

Council Tax

5.5 Locally collected domestic taxes that are directly retained by the Council will provide approximately 79% of the Council's net funding in 2023/24. The Council therefore takes a very careful approach to managing the domestic taxbase in a way that reflects local growth ambitions and supports sustainable services in the medium-term.

5.6 Growth in the local taxbase supports the ambition in the Corporate Plan of creating economic independence from Government grant. In 2023/24, there continues to be no general Government grant support to the revenue budget of Cheshire East Council. The continued increase in demand related to protecting vulnerable people and inflation in costs maintains the requirement to increase Council Tax levels in line with Government expectations.

5.7 Taxbase levels have risen steadily in recent years as can be seen in the table below:

Table 1 - Taxbase increases	2020/21	2021/22	2022/23	2023/24
No. of properties as at Oct in previous year	178,158	180,505	183,054	185,472
Estimated new homes	2,200	1,800	2,100	2,400
Cheshire East Taxbase	152,597.84	153,796.10	156,607.48	158,778.54
Growth in taxbase	2.06%	0.79%	1.83%	1.39%

5.8 The taxbase also reflects assumptions around Council Tax Support (CTS) payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and was amended again for 2022/23 to make the scheme more supportive in the light of funding being made available from Central Government (£3.3m) to be able to further assist the pandemic recovery for residents.

5.9 The funding for this Local Council Tax Support grant was received in 2020/21 and transferred to the Collection Fund Earmarked reserve. The funding will be used over the medium-term to support the revenue budget to compensate for suppressed Council Tax levels due to higher Council Tax Support payments.

5.10 No changes are proposed to the Council Tax Support Scheme for 2023/24 other than to increase the income bands and non-dependent deductions in line with CPI. This continues the higher levels of support for those on the lowest income.

5.11 The taxbase for 2023/24 reflects an increase of 1.4% on the 2022/23 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of continuing higher levels of Council Tax support due to the ongoing pandemic situation.

5.12 The Council Taxbase was approved by Council on 14 December 2022, and further information can be obtained from the Domestic Taxbase report.

5.13 Receipts from Council Taxpayers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, and local Town and Parish Councils).

5.14 If receipts are more than the budgeted precepts of the billing authority (Cheshire East) and the major preceptors, then this creates a surplus in the fund which can be released in the following financial year. If receipts are less, then this results in a deficit which needs to be paid back by all parties in their proportionate shares in future years.

5.15 It is forecast that there is to be a cumulative deficit of £0.153m on the Council Tax fund of which £0.130m is to be repaid by the Authority in 2023/24. Government regulations during 2020/21 allowed the 2020/21 deficit to be spread evenly over a three-year period 2021/22 to 2023/24. The final third of that deficit will be repayable in 2023/24 along with the 2022/23 in-year surplus. This results in the £0.130m net deficit (Cheshire East share) to be repaid in 2023/24 and will be managed through the Collection Fund earmarked reserve.

5.16 The table below sets out the detailed position on the Council Tax fund as at the end of 2022/23.

Collection Fund 2022/23 - Council Tax	£m
Balance brought forward	**£m**
2021/22 Outturn Deficit	**1.114**
Demand on Collection Fund (precepts)	
Cheshire East (inc. Parish Precepts)	**263.991**
Cheshire Police and Crime Commissioner	**36.871**
Fire Authority	**12.917**
Total Payments due to Preceptors	**313.779**
2021/22 deficit estimation declared in Jan 2022 – repaid in 2022/23	**-0.996**
Total Payments due from Preceptors	**-0.996**
Net payment due to Preceptors	**312.783**
Net Income due into the Collection Fund	**311.368**
Discretionary reliefs to be funded by General Fund	
Foster Carers / Care Leavers & Energy Refunds	**2.376**
Total	**2.376**
Estimated Total Overall Deficit	**0.153**
Preceptors Share of Deficit to be repaid in 2023/24	**£m**
Cheshire East Council	**0.130**
Cheshire Police	0.016
Cheshire Fire	0.007

Business Rates

5.17 The Government introduced the business rates retention scheme on 1 April 2013. There continues to be much uncertainty around the scheme from appeals to the local list. This has resulted in the need to create and build upon a specific earmarked reserve and provision for appeals to protect against large fluctuations in any given year. This Annex provides an illustration of how the scheme has worked and what changes are likely over the medium-term including estimates of future income.

5.18 The basic concept is that a baseline position is established and an element of growth over and above that can be retained. Central Government set the baseline over which growth is measured but the Council can budget on locally set figures. This can be informed by the NNDR1 form which contains estimates that must be provided to Government at the end of January each year.

5.19 In previous budget cycles, growth estimates above baseline were calculated and the taxbase has been monitored to assess the robustness of those estimates. This proved to be reasonably accurate, but in March 2020, the Coronavirus pandemic locked the economy down and businesses have been dramatically affected. This severely impacted the in-year performance of business rates and is likely to continue to have an affect over the medium-term. Further pressures such as the current economic climate and high inflation levels are also likely to have a detrimental effect on businesses over the coming years.

5.20 Central Government use of compensation S31 grants to reimburse Local Authorities for the cost of any discounts or exemptions that have been granted since the start of the scheme in April 2013.

5.21 For 2022/23 the NNDR1 return was forecasting retained rates of £0.1m above the funding baseline (of £42.5m) giving a contribution to the revenue budget of £42.6m. This budget above the baseline was accounting for the growth projections since the start of the BRRS. Any shortfall against this budget as an ongoing result of the pandemic will continue to be covered by the Collection Fund Earmarked Reserve which was set up to provide protection against fluctuation in rates.

5.22 Business rates compensation grants, payable by Central Government, for any new exemptions or discounts granted since the baseline funding levels were set back in April 2013 are also being used in part to support the revenue budget in 2022/23 which took the total business rates income to £49.1m.

5.23 For 2023/24 the usual process of forecasting growth in Rateable Value has been undertaken as set out below.

Available Data

5.24 The Council has gathered information from several sources to judge likely levels of economic growth or decline including:

- Information from the business engagement team.
- Data from the Council's planning system.
- Data from the team working to generate capital receipts.
- Data from the Revenues collection service in terms of appeals and expected growth.
- Data from the valuation office.

- Financial Strategy & Reporting knowledge of the BRRS calculations.

Method

5.25 This available data has been reviewed to generate broad estimates of the potential increase in Rateable Value (RV) over the medium-term.

5.26 An allowance has been made for the average impact of timing delays, on appeals, on other RV nearby (displacement) and likely loss of RV where appropriate.

5.27 The end result has been converted to business rates and processed via a BRRS model developed and maintained by Strategy Finance.

Results

5.28 Retained rates income forecast from growth in the taxbase for 2023/24 is forecast to be £2.23m. After the central share and levy payments have been made it results in a net increase for Cheshire East of £0.69m as per **Table 2**.

Table 2 - Estimated Increased Net Business Rates Income

Business Type	2023/24 £m	2024/25 £m	2025/26 £m
Retail	1.46	1.11	-
Offices	0.37	-	-
Manufacturing	0.39	-	-
Leisure	0.01	-	-
Other	-	-	0.03
Total Net Growth	**2.23**	**1.11**	**0.03**
Total Retention for Cheshire East	**0.69**	**0.34**	**0.01**

5.29 However, due to the unprecedented times that businesses are continuing to face, it continues to be prudent not to include any increase in business rates growth income for 2023/24 and beyond.

5.30 For 2023/24 the government has announced that the multiplier usually used to increase business rate bills by inflation are to be frozen at 2022/23 levels. This will result in a large compensation payment to Local Government for the losses between what the multiplier was capped at compared to September 2022 inflation of 10.1%. Part of this additional cap compensation is being used to support the revenue budget for 2023/24 (£4.6m) taking the business rates budget to £55.7m for 2023/24.

5.31 The revised Business Rates Retention Scheme that was due to be implemented from April 2021 has been delayed again as per the provisional settlement that was announced on 19 December 2022.

5.32 Receipts from businesses are paid into the Collection Fund which is then distributed to all precepting organisations in the following shares - Cheshire East Council (49%), Fire Authority (1%), and Central Government (50%).

5.33 New legislation was passed during 2020/21 to allow the “exceptional balance” deficit from that year to be spread equally over the period 2021/22 to 2023/24 to avoid all the costs being incurred in one year. For 2023/24, the final element of this balance will be repaid and is included in the tables below.

5.34 Central Government have once again compensated local authorities for their share of the Extended Retail Relief from 2021/22, so this portion off the deficit can be immediately repaid in full in 2022/23.

5.35 The residual deficit of £7.480m by the end of 2022/23 includes the final spreading of the exceptional balance from 2020/21, which will be funded in part by the Extended Retail Relief grant compensation. Therefore, the total deficit to be repaid in 2023/24, will be £1.227m, of which, £0.601m will be repayable by Cheshire East. This will be managed through the Collection Fund Earmarked Reserve.

5.36 The detailed forecast outturn for Business Rates collection fund is shown in the table below.

Collection Fund 2022/23 - Business Rates	£m
Balance brought forward	
2021/22 Outturn Deficit	**30.693**
Demand on Collection Fund	
Central Government	**68.607**
Cheshire East	**67.234**
Fire Authority	**1.372**
Total payments due to Preceptors	**137.213**
2021/22 deficit estimation declared in Jan 2022 - repaid in 2022/23	**-31.324**
Total Payments due from Preceptors	**-31.324**
Net payment due to Preceptors	**105.889**
Net Income due into the Collection Fund	**130.879**
Items to be excluded from Collection Fund share to preceptors	
Cost of Collection	**-0.569**
EZ Growth Disregard	**-1.077**
Renewable Energy Disregard	**-0.115**
Total	**-1.778**
Estimated Total Overall Deficit	**7.480**
Preceptors Share of Deficit to be repaid in 2023/24 *(before funding part of the deficit using the S31 grant received for the Extended Retail Relief)	
Cheshire East Council	***3.665**
Central Government	3.740
Cheshire Fire	0.075

Conclusion

5.37 The deficit on the Council Tax fund that is due to be repaid by the Authority in 2023/24 is **£0.130m**.

5.38 The **net** deficit on the Business Rates fund (including the use of the compensation grant for the Expanded Retail Relief used to part fund the total deficit) that is due to be repaid by the Authority in 2023/24 is **£0.601m**.

5.39 Both deficits will be formally declared during January 2023 and will be managed through the use of the Collection Fund Earmarked Reserve during 2023/24.

6. The Budget Setting Process for the 2023/24 Financial Year

Set Parameters	Gather Evidence	Consult and Refine	Approve
Apr to May 2022	June to Dec 2022	Jan 2023	Feb 2023

Set Parameters – Apr to May 2022

Assumptions reported to Council in Feb 2022

Revenue Budget 2023/24	£m
Cost of services	329.0
Local Taxation	-314.2
Government Funding	-14.8
Total	0.0

Gather Evidence – June to Dec 2022

Develop Budget estimates to maintain balanced position

Review Assumptions	£m
Additional pressure on demand led services	14.5
Additional Pay inflation	9.3
Use of Earmarked Reserves	-1.9
Central Budget changes	2.3
Local Taxation - extra council tax	-6.0
Local Taxation - extra business rates	-6.2
Additional grant estimates based on Provisional Settlement	-11.9
Total	0.0

Consult and Refine – Jan 2023

Changes Post Consultation Period

Confirm Proposals	£m
Net change to service proposals	1.3
Use of Earmarked Reserves	-1.3
Total	0.0

Approve – Feb 2023

Medium Term Financial Strategy

Budget Report	£m
Cost of services	353.1
Local Taxation	-326.4
Government Funding	-26.8
Total	0.0

7. Revenue Grant Funding

Corporate Grants Register 2023-27 Summary	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
Specific Use					
Adults and Health Committee	52,634	36,554	37,418	36,316	36,316
Children and Families Committee	167,313	187,706	186,506	186,506	186,506
Corporate Policy Committee	73,626	47,300	47,128	47,092	47,060
Economy and Growth Committee	4,718	2,606	1,500	0	0
Environment and Communities Committee	387	240	0	0	0
Highways and Transport Committee	3,167	0	0	0	0
Total Specific Use Grants	**301,845**	**274,406**	**272,551**	**269,914**	**269,881**
General Purpose					
Adults and Health Committee	12,542	12,766	15,016	15,016	15,016
Children and Families Committee	498	6,939	8,289	8,289	8,289
Corporate Policy Committee	25,160	7,047	6,222	3,222	3,222
Economy and Growth Committee	0	0	0	0	0
Environment and Communities Committee	35	0	0	0	0
Highways and Transport Committee	13	0	0	0	0
Total General Purpose Grants	**38,248**	**26,752**	**29,527**	**26,527**	**26,527**
Total Grant Funding	**340,093**	**301,158**	**302,078**	**296,441**	**296,408**

Adults and Health Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
SPECIFIC USE (Held within Services)							
Adults and Health Committee[1]							
Additional Better Care (for Adult Social Care)	2,039.256	8,706	8,706	8,706	8,706	8,706	Allocated direct to service
Market Sustainability and Fair Cost of Care Fund	162.000	979	979	979	0	0	Allocated direct to service
Market Sustainability and Fair Cost of Care Fund - topup	not available	0	2,400	4,080	4,080	4,080	Allocated direct to service
Implementation support grant	15.467	98	0	0	0	0	Allocated direct to service
Trailblazer support funding	0.805	162	0	0	0	0	Allocated direct to service
Early assessment funding allocation Part 1	2.127	585	0	0	0	0	Allocated direct to service
Discharge Fund	3,000	1,200	1,200	2,000	2,000	2,000	Allocated direct to service
Multiply - Supported Employment	not available	462	0	0	0	0	Allocated direct to service
Supported Internship Grant	not available	14	29	29	0	0	Allocated direct to service
Syrian Resettlement Programme - brought forward	not available	39	0	0	0	0	Allocated direct to service
Afghan Wrap Around support - brought forward	not available	146	910	0	0	0	Allocated direct to service
Afghan Resettlement support - brought forward	not available	263	288	94	0	0	Allocated direct to service
Homes for Ukraine Scheme	not available	9,450	0	0	0	0	Allocated direct to service
Private Finance Initiative (PFI) credits	not available	4,125	4,125	4,125	4,125	4,125	Allocated direct to service
Journey First and Parents First (originally provided by the European Social Fund but now DWP)	not available	2,500	0	0	0	0	Allocated direct to service
COVID-19 Shielding Grant for the Clinically Extremely Vulnerable Cohort - brought forward	not available	485	0	0	0	0	Allocated direct to service
COVID-19 Emergency Assistance Grant for Food & Essential Supplies - brought forward	not available	40	0	0	0	0	Allocated direct to service
Total		**29,254**	**18,636**	**20,013**	**18,911**	**18,911**	

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
Adults and Health Committee - Public Health							
Public Health Grant	3,417.400	17,405	17,405	17,405	17,405	17,405	Allocated direct to service
CHAMPS TTCE contact tracer staff - ICT Workforce: Contract Extension Funding	not available	149	0	0	0	0	Allocated direct to service
COVID-19 COMF & T&T - brought forward	not available	5,341	0	0	0	0	Allocated direct to service
DHSC Additional drug and alcohol treatment funding allocations: 2022 to 2023	101.200	347	353	0	0	0	Allocated direct to service
North West Probation Service funding for SMS rehabilitative and resettlement interventions	not available	77	114	0	0	0	Allocated direct to service
CHAMPS Marmot Place Funding - encourage pregnant women to stop smoking	not available	21	0	0	0	0	Allocated direct to service
CHAMPS SMS - inpatient detox	9.740	30	46	0	0	0	Allocated direct to service
CHAMPS Mouth Care Matters programme - to be confirmed	not available	10	0	0	0	0	Allocated direct to service
Total		**23,380**	**17,918**	**17,405**	**17,405**	**17,405**	
GENERAL PURPOSE (Held Corporately)							
Adults and Health Committee							
Social Care Support Grant	2,346.368	11,341	12,426	14,676	14,676	14,676	Unring-fenced Grant - Held Centrally
Independent Living Fund	160.600	861	0	0	0	0	Unring-fenced Grant - Held Centrally
Local Reform & Community Voices	34.410	213	207	207	207	207	Unring-fenced Grant - Held Centrally
Social Care in Prisons	10.950	71	73	73	73	73	Unring-fenced Grant - Held Centrally
War Pension Scheme Disregard	12.000	56	60	60	60	60	Unring-fenced Grant - Held Centrally
Total		**12,542**	**12,766**	**15,016**	**15,016**	**15,016**	
Total Adults and Health Committee		**65,176**	**49,320**	**52,434**	**51,332**	**51,332**	

(1) In respect of Private Finance Initiatives (PFI), Cheshire East Council are currently reflecting the total PFI grant monies received, even though Beechmere Extra Care Housing building, which was destroyed in a fire, no longer stands. No agreement has been reached with the HM Treasury on any possible reduction of grant income and Cheshire East Council continues to pay the residual unitary charge excluding Beechmere to Avantage. Discussions are continuing with the private sector partner, who has recently restructured, along with other relevant stakeholders, for example Central Government and the Nationwide Building Society, with regard to both the reinstatement of Beechmere and the remediation of the other four sites which make up the PFI scheme.

Children and Families Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
SPECIFIC USE (Held within Services)							
Children and Families Committee - Schools							
Dedicated Schools Grant		331,867	354,520	354,520	354,520	354,520	
Less Academy Recoupment		189,061	189,061	189,061	189,061	189,061	
Dedicated Schools Grant (Cheshire East)	53,651.489	142,806	165,459	165,459	165,459	165,459	Allocated direct to service
Pupil Premium Grant	2,683.555	4,500	4,500	4,500	4,500	4,500	Allocated direct to service
Sixth Forms Grant	not available	2,729	2,729	2,729	2,729	2,729	Allocated direct to service
Universal Infant Free School Meals (UIFSM)	not available	1,732	1,732	1,732	1,732	1,732	Allocated direct to service
Primary Physical Education Sports Grant	324.111	981	981	981	981	981	Allocated direct to service
Teachers Pay Grant	not available	12	0	0	0	0	Allocated direct to service
Teachers Pension Grant	not available	99	0	0	0	0	Allocated direct to service
COVID-19 Recovery Premium	not available	447	0	0	0	0	Allocated direct to service
School Led Tutoring Grant	not available	279	0	0	0	0	Allocated direct to service
School Improvement Monitoring & Brokering Grant	not available	98	0	0	0	0	Allocated direct to service
Milk Subsidy	not available	18	10	10	10	10	Allocated direct to service
Schools Supplementary Grant	not available	2,072	2,548	2,548	2,548	2,548	Allocated direct to service
Senior Mental Health Lead Training Grant	not available	5	0	0	0	0	Allocated direct to service
Newly Qualified Teachers (Education Recovery 5% Time off Timetable)	not available	58	0	0	0	0	Allocated direct to service
Delivering Better Value in SEND	not available	45	1,200	0	0	0	Allocated direct to service
COVID-19 Workforce Fund	not available	22	0	0	0	0	Allocated direct to service
Apprentice Incentive Scheme	not available	1	0	0	0	0	Allocated direct to service
Digital Education Platform	not available	1	0	0	0	0	Allocated direct to service
Mass Testing	not available	9	0	0	0	0	Allocated direct to service
Vaccination funding	not available	9	0	0	0	0	Allocated direct to service
Total		**155,923**	**179,159**	**177,959**	**177,959**	**177,959**	

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
Children and Families Committee							
Asylum Seekers	not available	1,411	788	788	788	788	Allocated direct to service
Tackling Troubled Families (Payments by Results)	not available	238	0	0	0	0	Allocated direct to service
Supporting Families PBR Upfront Grant	not available	719	719	719	719	719	Allocated direct to service
Reducing Parental Conflict Grant	not available	36	0	0	0	0	Allocated direct to service
Adoption Support Fund	not available	36	28	28	28	28	Allocated direct to service
KS2 Moderation & Phonics	not available	11	11	11	11	11	Allocated direct to service
NHS Cheshire CCG Grant to fund CEIAS Services	not available	26	10	10	10	10	Allocated direct to service
Skills & Lifelong Learning	not available	903	903	903	903	903	Allocated direct to service
Remand Grant	not available	75	20	20	20	20	Allocated direct to service
Domestic Abuse Safe Accommodation Housing Grant	124.998	650	650	650	650	650	Allocated direct to service
Holiday Activities & Food Grant Programme	201.100	879	900	900	900	900	Allocated direct to service
Extension of the Role of Virtual School Heads to children with a social worker Implementation	not available	118	118	118	118	118	Allocated direct to service
Homes for Ukraine, education and childcare elements	not available	1,508	0	0	0	0	Allocated direct to service
Household Support Fund	not available	4,408	4,400	4,400	4,400	4,400	Allocated direct to service
Hong Kong UK Welcome Programme (British Nationals)	not available	14	0	0	0	0	Allocated direct to service
Early Years Professional Development programme	not available	21	0	0	0	0	Allocated direct to service
Early Years - Experts and Mentors Programme	not available	2	0	0	0	0	Allocated direct to service
Family Hubs Transformation Funding	not available	335	0	0	0	0	Allocated direct to service
Total		**11,390**	**8,547**	**8,547**	**8,547**	**8,547**	
GENERAL PURPOSE (Held Corporately)							
Children and Families Committee							
Social Care Support Grant	not available	0	6,939	8,289	8,289	8,289	Unring-fenced Grant - Held Centrally
Staying Put Implementation Grant	99.834	130	0	0	0	0	Unring-fenced Grant - Held Centrally
Extended Rights to Free Transport (Home to School Transport)	43.311	250	0	0	0	0	Unring-fenced Grant - Held Centrally
Extended Personal Adviser Duty Implementation	12.118	57	0	0	0	0	Unring-fenced Grant - Held Centrally
Extension of the role of Virtual School Heads	not available	61	0	0	0	0	Unring-fenced Grant - Held Centrally
Total		**498**	**6,939**	**8,289**	**8,289**	**8,289**	
Total Children and Families Committee		**167,811**	**194,645**	**194,795**	**194,795**	**194,795**	

Corporate Policy Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
SPECIFIC USE (Held within Services)							
Corporate Policy Committee							
Housing Benefit Subsidy	not available	52,676	46,652	46,652	46,652	46,652	Allocated direct to service
Discretionary Housing Payments Grant	98.000	349	314	283	254	229	Allocated direct to service
Housing Benefit (HB) Award Accuracy Initiative	11.417	31	29	28	27	25	Allocated direct to service
LADS - VEP (RTI) funding	10.900	29	24	20	17	14	Allocated direct to service
New Burdens: Universal Credit, maintenance & natural migration	not available	8	8	7	7	7	Allocated direct to service
LADS - New Burdens - Welfare Reform Changes (S4/2022)	19.500	64	62	60	58	57	Allocated direct to service
LADS - New Burdens - Supported & Temporary Accommodation Change Request	not available	2	2	2	2	2	Allocated direct to service
LADS - New Burdens - Supported & Temporary Accommodation	not available	5	5	5	4	4	Allocated direct to service
LADS - New Burdens - Single Housing Benefit Extract Automation	not available	5	5	5	4	4	Allocated direct to service
Incapacity Benefit Reassessment (S5/2022)	0.478	2	2	2	2	2	Allocated direct to service
Council Tax Rebate Scheme - New Burdens on Account Payment	28.047	450	0	0	0	0	Allocated direct to service
Council Tax Energy Rebate Scheme	3,069.445	19,852	0	0	0	0	Allocated direct to service
Business Rates Grant NB	not available	19	0	0	0	0	Allocated direct to service
Democratic Services:	not available						
Police and Crime Commissioner's Panel grant	not available	65	65	65	65	65	Allocated direct to service
Electoral Integrity Programme - New Burdens	7.478	69	132	0	0	0	Unring-fenced Grant - Held Centrally
Total		**73,626**	**47,300**	**47,128**	**47,092**	**47,060**	
GENERAL PURPOSE (Held Corporately)							
Corporate Policy Committee							
Housing Benefit Administration Subsidy	163.721	736	626	595	595	595	Unring-fenced Grant - Held Centrally
Unidentified Ministry of Justice Grant	not available	9	0	0	0	0	Unring-fenced Grant - Held Centrally
NNDR Administration Allowance	not available	587	587	587	587	587	Allowance as per NNDR - not a grant
Council Tax Family Annexe Discount	7.422	25	0	0	0	0	Unring-fenced Grant - Held Centrally
Revenue Support Grant	1,672.058	7	388	388	388	388	Unring-fenced Grant - Held Centrally
New Homes Bonus	556.003	6,614	3,794	3,000	0	0	Unring-fenced Grant - Held Centrally
Lower Tier Services Grant	111.000	360	0	0	0	0	Unring-fenced Grant - Held Centrally
Services Grant	822.000	2,932	1,652	1,652	1,652	1,652	Unring-fenced Grant - Held Centrally
Business Rates Reliefs Grant	4,076.389	13,890	0	0	0	0	Unring-fenced Grant - Held Centrally
Total		**25,160**	**7,047**	**6,222**	**3,222**	**3,222**	
Total Corporate Policy Committee		**98,786**	**54,347**	**53,350**	**50,314**	**50,282**	

Economy and Growth Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
SPECIFIC USE (Held within Services)							
Economy and Growth Committee							
Rough Sleeping Initiative	not available	231	0	0	0	0	Allocated direct to service
Homelessness Prevention Grant	315.800	582	0	0	0	0	Allocated direct to service
Housing Winter Grant	not available	90	0	0	0	0	Allocated direct to service
Shared Prosperity Fund	2,600.000	1,226	0	0	0	0	Allocated direct to service
Local Enterprise Partnership (LEP): Core Funding	not available	375	375	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Growth Hub Funding	not available	231	231	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11	not available	520	500	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Skills Advisory Panel	not available	56	0	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Local Digital Skills Partnership Catalyst grant	not available	56	0	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Skills Bootcamp	not available	1,037	1,500	1,500	0	0	Passported to providers
Innovate UK / Adapt - brought forward	not available	102	0	0	0	0	Allocated direct to service
First Trenitalia West Coast Rail Limited	not available	50	0	0	0	0	Allocated direct to service
COVID-19 Welcome Back Fund (Opening High Streets) - brought forward	not available	162	0	0	0	0	Allocated direct to service
Total		**4,718**	**2,606**	**1,500**	**0**	**0**	
Total Economy and Growth Committee		**4,718**	**2,606**	**1,500**	**0**	**0**	

Environment and Communities Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
SPECIFIC USE (Held within Services)							
Environment and Communities Committee							
Bikeability Grant	not available	240	240	0	0	0	Passported to providers
Enforcement Grant (Planning) - brought forward	not available	30	0	0	0	0	Allocated direct to service
Air Quality Grant - brought forward	not available	18	0	0	0	0	Allocated direct to service
Air Quality Grant scheme	not available	55	0	0	0	0	Allocated direct to service
Offensive weapons	not available	4	0	0	0	0	Allocated direct to service
Cosmetic fillers	not available	7	0	0	0	0	Allocated direct to service
Food Information Grant - Natasha's Law - brought forward	not available	1	0	0	0	0	Allocated direct to service
Food Information Grant - Natasha's Law	not available	10	0	0	0	0	Allocated direct to service
Section 31 grant - Biodiversity net gain	not available	20	0	0	0	0	Allocated direct to service
Natural England - Stewardship scheme	not available	2	0	0	0	0	Allocated direct to service
Total		**387**	**240**	**0**	**0**	**0**	
GENERAL PURPOSE (Held Corporately)							
Environment and Communities							
Neighbourhood Planning Grant	not available	35	0	0	0	0	Unring-fenced Grant - Held Centrally
Total		**35**	**0**	**0**	**0**	**0**	
Total Environment and Communities Committee		**422**	**240**	**0**	**0**	**0**	

Highways and Transport Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
SPECIFIC USE (Held within Services)							
Highways and Transport Committee							
Bus Service Operators Grant	not available	348	0	0	0	0	Allocated direct to service
Bus Capacity Grant - brought forward	not available	326	0	0	0	0	Allocated direct to service
Bus Capacity Grant	not available	574	0	0	0	0	Allocated direct to service
Better Deal for Buses - Supported Bus Services - brought forward	not available	320	0	0	0	0	Allocated direct to service
Better Deal for Buses - Rural Mobility Grant - brought forward	not available	5	0	0	0	0	Allocated direct to service
Bus Service Improvement Fund - brought forward	not available	7	0	0	0	0	Allocated direct to service
Local Authority Capability Fund - brought forward	15.385	132	0	0	0	0	Allocated direct to service
Active Travel Social Prescribing Grant - brought forward	2.231	42	0	0	0	0	Allocated direct to service
Active Travel Capability Fund	not available	143	0	0	0	0	Allocated direct to service
Mini Holland Feasibility - brought forward	83.395	79	0	0	0	0	Allocated direct to service
On Street Residential Chargepoint Scheme (ORCS)	not available	0	0	0	0	0	Allocated direct to service
LTA Enhanced Bus Partnership Grant	10.824	171	0	0	0	0	Allocated direct to service
Rural Mobility Fund - brought forward	not available	1,020	0	0	0	0	Allocated direct to service
Total		**3,167**	**0**	**0**	**0**	**0**	
GENERAL PURPOSE (Held Corporately)							
Highways and Transport							
Pavement Licensing - New Burdens	not available	13	0	0	0	0	Unring-fenced Grant - Held Centrally
Total		**13**	**0**	**0**	**0**	**0**	
Total Highways and Transport Committee		**3,180**	**0**	**0**	**0**	**0**	

8. Capital Grant Funding

Adults and Health Committee

	Expected Receipt 2023/24 £000	Application of Grants in 2023/24 £000	Expected Receipt 2024/25 £000	Application of Grants in 2024/25 £000	Expected Receipt 2025/26 £000	Application of Grants in 2025/26 £000	Expected Receipt 2026/27 £000	Application of Grants in 2026/27 £000
SPECIFIC PURPOSE (Held Corporately)								
ADULTS & HEALTH								
Care4ce								
Adults Social Care Grant	0	83	0	0	0	0	0	0
TOTAL ADULTS & HEALTH	**0**	**83**	**0**	**0**	**0**	**0**	**0**	**0**

Children and Families Committee

	Expected Receipt 2023/24 £000	Application of Grants in 2023/24 £000	Expected Receipt 2024/25 £000	Application of Grants in 2024/25 £000	Expected Receipt 2025/26 £000	Application of Grants in 2025/26 £000	Expected Receipt 2026/27 £000	Application of Grants in 2026/27 £000
CHILDREN & FAMILES								
Education and 14-19 Skills								
Crewe Towns Funding	1,317	1,317	0	0	0	0	0	0
Early Years Sufficiency Fund - 2018/19	0	13	0	0	0	0	0	0
High Needs/Special Educational Needs Grant	3,820	3,345	0	1,720	0	0	0	0
School Condition Grant	2,000	4,370	2,000	2,036	2,000	2,000	2,000	2,000
Devolved Formula Capital Grant	350	350	340	340	330	330	310	310
Basic Need Grant	10,612	29,250	4,044	19,839	0	4,361	0	0
TOTAL CHILDREN & FAMILIES	**18,098**	**38,645**	**6,384**	**23,935**	**2,330**	**6,691**	**2,310**	**2,310**

Economy and Growth Committee

	Expected Receipt 2023/24	Application of Grants in 2023/24	Expected Receipt 2024/25	Application of Grants in 2024/25	Expected Receipt 2025/26	Application of Grants in 2025/26	Expected Receipt 2026/27	Application of Grants in 2026/27
	£000	£000	£000	£000	£000	£000	£000	£000
ECOMOMY & GROWTH								
Connecting Cheshire Digital 2020 - Super Fast Broadband	2,574	2,574	2,238	2,238	1,000	1,000	0	0
Crewe Towns Funding	3,893	3,893	9,000	9,000	5,810	5,810	0	0
Disabled Facilities Grant	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342
Future High Street Funding	3,908	3,908	2,817	2,817	0	0	0	0
Handforth Heat Network	5,420	5,420	0	0	0	0	0	0
Homes England Grant - Gypsy Traveller Site	700	700	0	0	0	0	0	0
Homes England Grant - North Cheshire Garden Village	12,300	12,300	8,932	8,932	0	0	0	0
PROW CMM A6 MARR	0	93	0	0	0	0	0	0
Schools Capital Maintenance	0	1,490	0	0	0	0	0	0
Homes England Grant - South Macclesfield Development Area	0	0	10,000	10,000	0	0	0	0
TOTAL ECONOMY & GROWTH	**31,137**	**32,720**	**35,329**	**35,329**	**9,152**	**9,152**	**2,342**	**2,342**

Environment and Communities Committee

	Expected Receipt 2023/24 £000	Application of Grants in 2023/24 £000	Expected Receipt 2024/25 £000	Application of Grants in 2024/25 £000	Expected Receipt 2025/26 £000	Application of Grants in 2025/26 £000	Expected Receipt 2026/27 £000	Application of Grants in 2026/27 £000
ENVIRONMENT & COMMUNITIES								
Future High Street Funding	2,275	2,275	0	0	0	0	0	0
Barony Skate Park - FCC Grant Funding	100	100	0	0	0	0	0	0
TOTAL ENVIRONMENT & COMMUNITIES	**2,375**	**2,375**	**0**	**0**	**0**	**0**	**0**	**0**

Highways and Transport Committee

	Expected Receipt 2023/24 £000	Application of Grants in 2023/24 £000	Expected Receipt 2024/25 £000	Application of Grants in 2024/25 £000	Expected Receipt 2025/26 £000	Application of Grants in 2025/26 £000	Expected Receipt 2026/27 £000	Application of Grants in 2026/27 £000
HIGHWAYS & TRANSPORT								
Department for Transport S31 Grant - A500	1,627	1,627	26,990	26,990	23,066	23,066	0	0
Department of Transport Incentive Fund	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Department of Transport Integrated Transport Grant	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
Department of Transport Maintenance Grant	5,799	6,177	5,799	5,799	5,799	5,799	5,799	5,799
Department of Transport Pothole Funding	5,799	5,799	5,799	5,799	5,799	5,799	5,799	5,799
Department of Transport S31 Grant - Middlewich Eastern Bypass	11,091	11,091	13,817	13,817	15,065	15,065	0	0
Future High Street Funding	2,085	2,085	2,251	2,251	304	304	0	0
Housing Infrastructure Fund (MHCLG) - Northwest Crewe Package	7,374	7,374	0	0	0	0	0	0
National Productivity Investment Fund (NPIF) - Flower Pot Junction, Macclesfield	1,944	1,944	0	0	0	0	0	0
Department for Transport - Safer Road Fund A532	0	476	0	0	0	0	0	0
Department for Transport - Safer Road Fund A536	0	250	0	0	0	0	0	0
Office for Zero Emission Vehicles	105	105	0	0	0	0	0	0
Local Growth Fund - Sustainable Travel Access Programme	765	765	0	0	0	0	0	0
TOTAL HIGHWAYS & TRANSPORT	**40,042**	**41,146**	**58,109**	**58,109**	**53,486**	**53,486**	**15,051**	**15,051**
TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING	**89,754**	**114,969**	**99,822**	**117,373**	**64,968**	**69,329**	**19,703**	**19,703**

9. Financial Summary Tables (Revenue)

9.1 The 2022/23 Budget, shown as the starting point for the following tables, takes account of any permanent changes made during the 2022/23 financial year to date. There may be differences from the budget position in the 2022/23 Financial Review Update which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

	2022/23 Net Revised Budget £000	Less 2022/23 Temporary Grant Budgets £000	Other Budget Amendments £000	2023/24 Base Budget £000
ADULTS AND HEALTH				
Adult Social Care - Operations	117,515	(43)	(22)	117,450
Commissioning	3,638	-	(30)	3,608
Public Health	-	-		-
	121,153	(43)	(52)	121,058
CHILDREN AND FAMILIES				
Directorate	1,006	-	(107)	899
Children's Social Care	47,023	(187)	-	46,836
Prevention & Early Help	7,687	-	(92)	7,595
Education & 14-19 Skills	18,541	(311)	(57)	18,173
	74,257	(498)	(256)	73,503
CORPORATE POLICY				
Directorate	1,395	-	(960)	435
Finance & Customer Services	12,516	(111)	169	12,574
Governance and Compliance Services	11,922	-	(1,503)	10,419
Communications	673	-	17	690
HR	2,423	-	41	2,464
ICT	9,752	-	148	9,900
Policy and Change	1,918	-	37	1,955
	40,599	(111)	(2,051)	38,437

	2022/23 Net Revised Budget £000	Less 2022/23 Temporary Grant Budgets £000	Other Budget Amendments £000	2023/24 Base Budget £000
ENVIRONMENT AND COMMUNITIES				
Environment & Neighbourhood Services	44,409	(10)	(47)	44,352
	44,409	(10)	(47)	44,352
ECONOMY AND GROWTH				
Directorate	832	-	14	846
Growth & Enterprise	22,822	-	(292)	22,530
	23,654	-	(278)	23,376
HIGHWAYS AND TRANSPORT				
Highways & Infrastructure	13,792	(13)	(1,883)	11,896
	13,792	(13)	(1,883)	11,896
TOTAL SERVICE BUDGET	**317,864**	**(675)**	**(4,567)**	**312,622**

	2022/23 Net Revised Budget £000	Less 2022/23 Temporary Grant Budgets £000	Other Budget Amendments £000	2023/24 Base Budget £000
FINANCE SUB CENTRAL BUDGETS				
Capital Financing	19,000	-	-	19,000
Past Service Pensions	(5,350)	-	-	(5,350)
Other Income/Expenditure	(47)	-	49	2
Credit Losses	150	-	-	150
Contribution to / from Reserves	(3,212)	-	4,518	1,306
	10,541	-	4,567	15,108
TOTAL BUDGET	**328,405**	**(675)**	**-**	**327,730**
FINANCE SUB CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(49,086)	-	-	(49,086)
Specific Grants	(24,637)	675	-	(23,962)
Council Tax	(254,682)	-	-	(254,682)
TOTAL CENTRAL BUDGETS FUNDING	(328,405)	675	-	(327,730)
FUNDING POSITION	**-**	**-**	**-**	**-**

CHESHIRE EAST COUNCIL - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
	Expenditure	Income	Net	Net	Net	Net
Directorate	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Adults and Health Committee	201,476	-65,144	**136,332**	**142,409**	**147,160**	**152,276**
Children and Families Committee	88,774	-9,649	**79,125**	**82,005**	**84,624**	**87,906**
Corporate Policy Committee	114,842	-73,854	**40,988**	**41,973**	**40,211**	**41,076**
Economy and Growth Committee	36,216	-11,172	**25,044**	**27,589**	**28,184**	**30,093**
Environment and Communities Committee	58,959	-10,638	**48,321**	**47,893**	**48,730**	**50,426**
Highways and Transport Committee	23,262	-12,255	**11,007**	**12,501**	**12,598**	**12,754**
Total Service Budgets	**523,529**	**-182,712**	**340,817**	**354,370**	**361,507**	**374,531**
Finance Sub Committee	14,209	-1,900	**12,309**	**18,372**	**19,946**	**18,756**
Total Cost of Service	**537,738**	**-184,612**	**353,126**	**372,742**	**381,453**	**393,287**

	Policy Proposals included above					
Policy Proposals						
Adults and Health Committee	22,653	-7,379	**15,274**	**6,077**	**4,751**	**5,116**
Children and Families Committee	11,153	-5,530	**5,623**	**2,880**	**2,619**	**3,282**
Corporate Policy Committee	2,570	-19	**2,551**	**985**	**-1,762**	**865**
Economy and Growth Committee	1,722	-55	**1,667**	**2,545**	**595**	**1,909**
Environment and Communities Committee	4,243	-275	**3,968**	**-428**	**837**	**1,696**
Finance Sub Committee	-1,798	-1,000	**-2,798**	**6,063**	**1,574**	**-1,190**
Highways and Transport Committee	-484	-405	**-889**	**1,494**	**97**	**156**
Financial Impact of Policy Proposals	**40,059**	**-14,663**	**25,396**	**19,616**	**8,711**	**11,834**

ADULTS and HEALTH COMMITTEE - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
	Expenditure	Income	Net	Net	Net	Net
Service Area	£000	£000	£000	£000	£000	£000
Adult Social Care Operations	171,604	-37,393	**134,211**	**138,860**	**143,554**	**148,558**
Commissioning	12,177	-10,056	**2,121**	**3,549**	**3,606**	**3,718**
Public Health	17,695	-17,695	**0**			
Total Cost of Service	**201,476**	**-65,144**	**136,332**	**142,409**	**147,160**	**152,276**

	Policy Proposals included above					
Policy Proposals						
Adult Social Care Operations	23,290	-6,529	**16,761**	**4,649**	**4,694**	**5,004**
Commissioning	-637	-850	**-1,487**	**1,428**	**57**	**112**
Public Health			**0**			
Financial Impact of Policy Proposals	**22,653**	**-7,379**	**15,274**	**6,077**	**4,751**	**5,116**

ADULTS and HEALTH - Adult Social Care Operations — REVENUE BUDGET

Service Area	Aim Reference	2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	2024/25 Net £000	2025/26 Net £000	2026/27 Net £000
		Budget including Policy Proposals					
Care4CE		20,375	-4,489	**15,886**	**15,886**	**15,886**	**15,886**
Community Care – Locality Teams		87,580	-25,148	**62,432**	**64,740**	**66,973**	**69,110**
Community Care – Short Term Intervention		2,063		**2,063**	**2,063**	**2,063**	**2,063**
Adult Social Care Operations		1,308	-970	**338**	**338**	**338**	**338**
Mental Health and Learning Disability		57,812	-6,735	**51,077**	**52,720**	**54,666**	**56,529**
Adult Safeguarding		1,501	-51	**1,450**	**1,450**	**1,450**	**1,450**
Pension Costs Adjustment		-1,872		**-1,872**	**-2,315**	**-2,780**	**-2,780**
Pay Inflation		2,837		**2,837**	**3,978**	**4,958**	**5,962**
Total Cost of Service		**171,604**	**-37,393**	**134,211**	**138,860**	**143,554**	**148,558**
		Policy Proposals included above					
Policy Proposals							
Investment in Adult Social Care	Fair	5,400		**5,400**	**7,600**	**4,000**	**4,000**
Care Fee Uplifts in Adult Social Care	Fair	2,000		**2,000**			
Demand in Adult Social Care - complexity	Fair	10,351		**10,351**			
Demand in Adult Social Care - unit cost inflation	Fair	12,652		**12,652**			
Direct Payment (Personal Assistants) Uplift	Fair	691		**691**			
Communities Team	Fair	-750		**-750**			
Learning Disabilities Future Service Development and Review	Fair	-1,750		**-1,750**			
Day Care Review	Fair	-150		**-150**			
Productivity and Efficiency in Adult Social Care	Open	-271		**-271**			
Home First Strategy - alternative care provisions	Fair	-1,000		**-1,000**			
Home First Strategy - increased care at home capacity	Fair	-4,000		**-4,000**			
Market Sustainability and Fair Cost of Care - Grant Income	Open		-979	**-979**		**979**	
Revenue grants for Adult Social Care	Open		-3,600	**-3,600**	**-2,480**		
Client contribution yield offsetting growth	Fair		-1,200	**-1,200**	**-800**	**-800**	
Maximisation of Supported Living	Fair	-369		**-369**	**-369**		
Building Based Short Breaks	Fair	-250		**-250**			
Building Based Day Services	Fair	-229		**-229**			
Direct Payment - Audit Recoveries	Fair		-750	**-750**			
Pension Costs Adjustment	Open	-1,872		**-1,872**	**-443**	**-465**	
Pay inflation	Open	2,837		**2,837**	**1,141**	**980**	**1,004**
Financial Impact of Policy Proposals		**23,290**	**-6,529**	**16,761**	**4,649**	**4,694**	**5,004**

ADULTS and HEALTH - Commissioning

REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Integrated Commissioning		4,505	-3,348	**1,156**	**1,656**	**1,656**	**1,656**
Adult Social Care Commissioning		-1,282	-2,253	**-3,535**	**-2,685**	**-2,685**	**-2,685**
Contract Management and Quality		7,930	-4,295	**3,635**	**3,635**	**3,635**	**3,635**
Children’s Commissioning		917	-160	**757**	**757**	**757**	**757**
Pension Costs Adjustment		-210		**-210**	**-260**	**-312**	**-312**
Pay Inflation		318		**318**	**446**	**555**	**667**
Total Cost of Service		**12,177**	**-10,056**	**2,121**	**3,549**	**3,606**	**3,718**

		Policy Proposals included above					
Policy Proposals							
Adults and Health Non-Essential Commissioning / Contracts	Open	-245		**-245**			
Resettlement Revenue Grants	Open		-850	**-850**	**850**		
ASC Transformation EMR Release	Open	-500		**-500**	**500**		
Pension Costs Adjustment	Open	-210		**-210**	**-50**	**-52**	
Pay Inflation	Open	318		**318**	**128**	**109**	**112**
Financial Impact of Policy Proposals		**-637**	**-850**	**-1,487**	**1,428**	**57**	**112**

ADULTS and HEALTH - Public Health REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Intelligence and Health Care		17,423		**17,423**	**17,423**	**17,423**	**17,423**
Health Improvement		272		**272**	**272**	**272**	**272**
Grant Income			-17,695	**-17,695**	**-17,695**	**-17,695**	**-17,695**
Total Cost of Service		**17,695**	**-17,695**	**0**	**0**	**0**	**0**

	Policy Proposals included above					
Policy Proposals						
Financial Impact of Policy Proposals	**0**	**0**	**0**	**0**	**0**	**0**

CHILDREN and FAMILIES COMMITTEE - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Directorate	179	-220	**-41**	**1,189**	**1,558**	**2,440**
Children's Social Care	50,955	-1,477	**49,478**	**51,278**	**52,978**	**54,578**
Education and 14-19 Skills	25,271	-2,528	**22,743**	**22,693**	**23,243**	**24,043**
Strong Start, Family Help & Integration	12,369	-5,424	**6,945**	**6,845**	**6,845**	**6,845**
Total Cost of Service	**88,774**	**-9,649**	**79,125**	**82,005**	**84,624**	**87,906**

	Policy Proposals included above					
Policy Proposals						
Directorate	-940		**-940**	**1,230**	**369**	**882**
Children's Social Care	2,643		**2,643**	**1,800**	**1,700**	**1,600**
Education and 14-19 Skills	4,800	-230	**4,570**	**-50**	**550**	**800**
Strong Start, Family Help & Integration	4,650	-5,300	**-650**	**-100**		
Financial Impact of Policy Proposals	**11,153**	**-5,530**	**5,623**	**2,880**	**2,619**	**3,282**

CHILDREN and FAMILIES - Directorate REVENUE BUDGET

Service Area	Aim Reference	2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	2024/25 Net £000	2025/26 Net £000	2026/27 Net £000
		Budget including Policy Proposals					
Directorate		-2,880	-220	**-3,100**	**-3,100**	**-3,787**	**-3,987**
Pay Inflation		3,059		**3,059**	**4,289**	**5,345**	**6,427**
Total Cost of Service		**179**	**-220**	**-41**	**1,189**	**1,558**	**2,440**
		Policy Proposals included above					
Policy Proposals							
Reverse travel savings	**Open**	430		**430**			
Integrated Children's Service Strategy	**Open**	-950		**-950**	**-500**	**-200**	**-200**
Review of commissioned services across the Children and Families Directorate.	**Open**	-450		**-450**	**-100**		
Use of Children & Families Transformation Reserve - estimated balance	**Open**	-1,065		**-1,065**	**1,065**		
Pension Costs Adjustment	**Open**	-1,964		**-1,964**	**-465**	**-487**	
Pay Inflation	**Open**	3,059		**3,059**	**1,230**	**1,056**	**1,082**
Financial Impact of Policy Proposals		**-940**	**0**	**-940**	**1,230**	**369**	**882**

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CHILDREN and FAMILIES - Children's Social Care   REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Cared for Children and Care Leavers		26,791	-805	**25,986**	**27,786**	**29,486**	**29,486**
Fostering		7,693		**7,693**	**7,693**	**7,693**	**7,693**
Children in Need, Child Protection and Children with Disabilities		11,980	-633	**11,347**	**11,347**	**11,347**	**11,347**
Children's Safeguarding		2,058	-39	**2,019**	**2,019**	**2,019**	**2,019**
Children's Contracts		1,348		**1,348**	**1,348**	**1,348**	**1,348**
Head of Service		1,085		**1,085**	**1,085**	**1,085**	**2,685**
Total Cost of Service		**50,955**	**-1,477**	**49,478**	**51,278**	**52,978**	**54,578**

		Policy Proposals included above					
Policy Proposals							
Growth in Children's Social Care	Fair	1,900		**1,900**	**1,800**	**1,700**	**1,600**
Recognise pressures in the Children's Social Care direct payments budget	Open	743		**743**			
Financial Impact of Policy Proposals		**2,643**	**0**	**2,643**	**1,800**	**1,700**	**1,600**

CHILDREN and FAMILIES - Education and 14-19 Skills REVENUE BUDGET

Service Area	Aim Reference	2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	2024/25 Net £000	2025/26 Net £000	2026/27 Net £000
		Budget including Policy Proposals					
Education Infrastructure and Outcomes		2,877	-2,457	**420**	**420**	**420**	**420**
Client Commissioning - Transport		15,055		**15,055**	**15,055**	**15,655**	**16,455**
Education Partnership and Pupil Support		817	-71	**746**	**746**	**746**	**746**
Head Of Service and Legacy Pension Costs		1,859		**1,859**	**1,809**	**1,759**	**1,759**
Skills and Lifelong Learning		30		**30**	**30**	**30**	**30**
Special Educational Needs and Disabilities		2,963		**2,963**	**2,963**	**2,963**	**2,963**
Educational Psychologists		1,670		**1,670**	**1,670**	**1,670**	**1,670**
Total Cost of Service		**25,271**	**-2,528**	**22,743**	**22,693**	**23,243**	**24,043**
		Policy Proposals included above					
Policy Proposals							
School transport pressures	**Open**	4,000		**4,000**		**600**	**800**
Reduce Legacy Pension commitments	**Open**	-100		**-100**	**-50**	**-50**	
Review of funding streams and income opportunities within Education and Skills	**Open**		-230	**-230**			
Statutory Education Psychology Service	**Open**	600		**600**			
Increase capacity to support Statutory SEND service	**Open**	300		**300**			
Delivering Better Value in SEND grant	**Open**	-1,200		**-1,200**	**1,200**		
Delivering Better Value in SEND (funded from grant)	**Open**	1,200		**1,200**	**-1,200**		
Financial Impact of Policy Proposals		**4,800**	**-230**	**4,570**	**-50**	**550**	**800**

CHILDREN and FAMILIES - Stong Start, Family Help & Integration REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Children's Development and Partnerships		374		**374**	**374**	**374**	**374**
Preventative Services		6,695	-124	**6,571**	**6,471**	**6,471**	**6,471**
Children's Prevention and Support		5,300	-5,300	**0**			
Total Cost of Service		**12,369**	**-5,424**	**6,945**	**6,845**	**6,845**	**6,845**

		Policy Proposals included above					
Policy Proposals							
Children's Development and Partnerships service	Fair	-300		**-300**			
Revenue costs for the Crewe Youth Zone aligned to Supporting Families Funding	Fair			**0**		**400**	
Early Help budget to support funding towards the Crewe Youth Zone	Fair			**0**		**-400**	
Early Help Redesign	Open	-200		**-200**			
Deliver the Family Hub model	Fair	-150		**-150**	**-100**		
Holiday Activity Fund into the Council's base budget (funded from grant)	Open	900		**900**			
Holiday Activity Fund Grant	Open		-900	**-900**			
Household Support Fund into the Council's base budget (funded from grant)	Open	4,400		**4,400**			
Household Support Fund Grant	Open		-4,400	**-4,400**			
Financial Impact of Policy Proposals		**4,650**	**-5,300**	**-650**	**-100**	**0**	**0**

CORPORATE POLICY COMMITTEE - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Directorate	2,128	-2	**2,126**	**2,738**	**3,185**	**4,050**
Finance and Customer Services	62,147	-49,580	**12,567**	**12,464**	**12,464**	**12,464**
Governance and Compliance Services	14,162	-3,818	**10,344**	**10,344**	**10,344**	**10,344**
Communications	700	-10	**690**	**690**	**690**	**690**
Human Resources	3,132	-668	**2,464**	**2,464**	**2,464**	**2,464**
ICT	29,630	-18,811	**10,819**	**11,278**	**9,079**	**9,079**
Policy and Change	2,943	-965	**1,978**	**1,995**	**1,985**	**1,985**
Total Cost of Service	**114,842**	**-73,854**	**40,988**	**41,973**	**40,211**	**41,076**

	Policy Proposals included above					
Policy Proposals						
Directorate	1,591	100	**1,691**	**612**	**447**	**865**
Finance and Customer Services	-20	13	**-7**	**-103**		
Governance and Compliance Services	57	-132	**-75**			
Communications			**0**			
Human Resources			**0**			
ICT	919		**919**	**459**	**-2,199**	
Policy and Change	23		**23**	**17**	**-10**	
Financial Impact of Policy Proposals	**2,570**	**-19**	**2,551**	**985**	**-1,762**	**865**

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CORPORATE POLICY - Directorate — REVENUE BUDGET

Service Area	Aim Reference	Expenditure £000 (2023/24)	Income £000 (2023/24)	Net £000 (2023/24)	Net £000 (2024/25)	Net £000 (2025/26)	Net £000 (2026/27)
		Budget including Policy Proposals					
Chief Executive		308		**308**	**308**	**308**	**308**
Executive Director of Corporate Services		229	-2	**227**	**227**	**227**	**227**
Pension Credt Allocation		-996		**-996**	**-1,374**	**-1,770**	**-1,770**
Review of Leadership				**0**	**-50**	**-100**	**-150**
Pay Inflation (to be allocated)		2,587		**2,587**	**3,627**	**4,520**	**5,435**
Total Cost of Service		**2,128**	**-2**	**2,126**	**2,738**	**3,185**	**4,050**
		Policy Proposals included above					
Policy Proposals							
Pension Costs Adjustment	**Open**	-996		**-996**	**-378**	**-396**	
Remove Commercial Workstream Income Target	**Open**		100	**100**			
Review of leadership and management, including MARS and redefine 'core offer'	**Open**			**0**	**-50**	**-50**	**-50**
Pay Inflation (to be allocated)	**Open**	2,587		**2,587**	**1,040**	**893**	**915**
Financial Impact of Policy Proposals		**1,591**	**100**	**1,691**	**612**	**447**	**865**

CORPORATE POLICY - Finance and Customer Services — REVENUE BUDGET

Service Area	Aim Reference	2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	2024/25 Net £000	2025/26 Net £000	2026/27 Net £000
		Budget including Policy Proposals					
Financial Services		1,110	-643	**467**	**467**	**467**	**467**
Financial Management		4,104	-167	**3,937**	**3,937**	**3,937**	**3,937**
Procurement		590	-30	**560**	**607**	**607**	**607**
Customer Services		56,343	-48,740	**7,603**	**7,453**	**7,453**	**7,453**
Total Cost of Service		**62,147**	**-49,580**	**12,567**	**12,464**	**12,464**	**12,464**
		Policy Proposals included above					
Policy Proposals							
Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	**Open**		13	**13**	**-24**		
Brighter Futures Together Programme Customer Experience	**Open**	-81		**-81**			
Revenue implications of capital: Vendor Management Phase 3 to drive improvements in procurement	**Open**	-89		**-89**	**71**		
Accelerate digital transformation / robotics and related Digital Savings	**Open**	150		**150**	**-150**		
Financial Impact of Policy Proposals		**-20**	**13**	**-7**	**-103**	**0**	**0**

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CORPORATE POLICY - Governance and Compliance Services REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Governance and Democratic Services		6,152	-2,034	**4,118**	**4,118**	**4,118**	**4,118**
Legal Services		4,038	-639	**3,399**	**3,399**	**3,399**	**3,399**
Audit and Risk		3,824	-1,145	**2,679**	**2,679**	**2,679**	**2,679**
Director		148		**148**	**148**	**148**	**148**
Total Cost of Service		**14,162**	**-3,818**	**10,344**	**10,344**	**10,344**	**10,344**

		Policy Proposals included above					
Policy Proposals							
Coroners Restructure Costs	**Open**	60		**60**			
Reduce cost of Democracy	**Open**	-135		**-135**			
Elections Act 2022 additional costs (funded by New Burdens grant funding)	**Open**	132	-132	**0**			
Financial Impact of Policy Proposals		**57**	**-132**	**-75**	**0**	**0**	**0**

CORPORATE POLICY - Communications REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Communications		700	-10	**690**	**690**	**690**	**690**
Total Cost of Service		**700**	**-10**	**690**	**690**	**690**	**690**

		Policy Proposals included above					
Policy Proposals							
Financial Impact of Policy Proposals		**0**	**0**	**0**	**0**	**0**	**0**

CORPORATE POLICY - Human Resources REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Human Resources		3,132	-668	**2,464**	**2,464**	**2,464**	**2,464**
Total Cost of Service		**3,132**	**-668**	**2,464**	**2,464**	**2,464**	**2,464**

	Policy Proposals included above					
Policy Proposals						
Financial Impact of Policy Proposals	**0**	**0**	**0**	**0**	**0**	**0**

CORPORATE POLICY - ICT

REVENUE BUDGET

Service Area	Aim Reference	Budget including Policy Proposals 2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	2024/25 Net £000	2025/26 Net £000	2026/27 Net £000
ICT - Strategy		13,069	-2,250	**10,819**	**11,278**	**9,079**	**9,079**
ICT - Shared Service		16,561	-16,561	**0**			
Total Cost of Service		**29,630**	**-18,811**	**10,819**	**11,278**	**9,079**	**9,079**

Policy Proposals	Aim Reference	Policy Proposals included above 2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	2024/25 Net £000	2025/26 Net £000	2026/27 Net £000
Revenue implications of capital: IT Procurements and Application Lifecycle Management	**Open**	511		**511**	**84**	**6**	
Infrastructure Investment Programme	**Open**	239		**239**	**23**		
Mitigation of reduction in the Dedicated Schools Grant	**Open**	89		**89**	**109**		
Shared Services Review – move to hybrid model	**Open**	390		**390**	**343**	**-2,205**	
ICT Operational efficiencies	**Open**	-310		**-310**	**-100**		
Financial Impact of Policy Proposals		**919**	**0**	**919**	**459**	**-2,199**	**0**

CORPORATE POLICY - Policy and Change   REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Business Change		2,727	-965	**1,762**	**1,789**	**1,789**	**1,789**
Director of Transformation		216		**216**	**206**	**196**	**196**
Total Cost of Service		**2,943**	**-965**	**1,978**	**1,995**	**1,985**	**1,985**

		Policy Proposals included above					
Policy Proposals							
Across the board efficiencies, including procurement, income generation	**Open**	-10		**-10**	**-10**	**-10**	
Mitigation of reduction in the Dedicated Schools Grant	**Open**	33		**33**	**27**		
Financial Impact of Policy Proposals		**23**	**0**	**23**	**17**	**-10**	**0**

ECONOMY and GROWTH COMMITTEE - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
	Expenditure	Income	Net	Net	Net	Net
Service Area	£000	£000	£000	£000	£000	£000
Directorate	2,458	-1,612	**846**	**846**	**846**	**846**
Growth and Enterprise	33,758	-9,560	**24,198**	**26,743**	**27,338**	**29,247**
Total Cost of Service	**36,216**	**-11,172**	**25,044**	**27,589**	**28,184**	**30,093**

	Policy Proposals included above					
Policy Proposals						
Growth and Enterprise	1,722	-55	**1,667**	**2,545**	**595**	**1,909**
Financial Impact of Policy Proposals	**1,722**	**-55**	**1,667**	**2,545**	**595**	**1,909**

ECONOMY and GROWTH - Directorate — REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate		766		**766**	**766**	**766**	**766**
Sub Regional		1,692	-1,612	**80**	**80**	**80**	**80**
Total Cost of Service		**2,458**	**-1,612**	**846**	**846**	**846**	**846**

	Policy Proposals included above					
Policy Proposals						
Financial Impact of Policy Proposals	**0**	**0**	**0**	**0**	**0**	**0**

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ECONOMY and GROWTH - Growth and Enterprise — REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Assets		2,073	-1,655	**418**	**418**	**418**	**418**
Growth and Enterprise Management		149		**149**	**149**	**149**	**149**
Facilities Management		15,837	-320	**15,517**	**18,086**	**18,359**	**19,840**
Farms		427	-785	**-358**	**-358**	**-358**	**-358**
Economic Development		1,756	-584	**1,172**	**1,172**	**1,172**	**1,172**
Housing		4,379	-1,320	**3,059**	**3,094**	**3,094**	**3,094**
Rural and Cultural Management		165		**165**	**165**	**165**	**165**
Tatton Park		5,023	-4,146	**877**	**876**	**855**	**855**
Public Rights of Way		751	-169	**582**	**582**	**582**	**582**
Cultural Economy		1,005		**1,005**	**1,025**	**1,114**	**1,114**
Countryside		1,256	-231	**1,025**	**1,025**	**1,025**	**1,025**
Visitor Economy		562	-350	**212**	**192**	**192**	**192**
Pay Inflation		375		**375**	**317**	**571**	**999**
Total Cost of Service		**33,758**	**-9,560**	**24,198**	**26,743**	**27,338**	**29,247**

		Policy Proposals included above					
Policy Proposals							
Rural and Visitor Economy	Green	165		**165**	**45**	**-21**	
Tatton Park	Green		-28	**-28**	**-46**		
Asset / Service Transfer	Green	-20		**-20**			
Transfer of Congleton Visitor Information Centre	Open	-10		**-10**	**-20**		
Investment in Public Rights of Way	Green	-100		**-100**			
Inflation in Utility costs and enhanced Carbon Management	Green	-1,500		**-1,500**			
Restructuring Potential	Open	-387		**-387**	**-387**		
Assets - Buildings and Operational	Open	2,480		**2,480**	**3,119**	**423**	**1,481**
Assets - Transactions	Open	50	-27	**23**			
Cultural	Open	72		**72**	**20**	**89**	
Housing	Fair			**0**	**35**		
Office Estate Rationalisation	Open	210		**210**	**-550**	**-150**	
Rates increase for Cheshire East properties	Open	343		**343**			
Rates increase from Collection Fund EMR	Open	-343		**-343**			
Pension Costs Adjustment	Open	-675		**-675**	**-157**	**-164**	
Pay Inflation	Open	1,437		**1,437**	**486**	**418**	**428**
Financial Impact of Policy Proposals		**1,722**	**-55**	**1,667**	**2,545**	**595**	**1,909**

ENVIRONMENT and COMMUNITIES COMMITTEE - Summary   REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Environment and Neighbourhood Services	58,959	-10,638	**48,321**	**47,893**	**48,730**	**50,426**
Total Cost of Service	**58,959**	**-10,638**	**48,321**	**47,893**	**48,730**	**50,426**

	Policy Proposals included above					
Policy Proposals						
Environment and Neighbourhood Services	4,243	-275	**3,968**	**-428**	**837**	**1,696**
Financial Impact of Policy Proposals	**4,243**	**-275**	**3,968**	**-428**	**837**	**1,696**

ENVIRONMENT and COMMUNITIES - Environment and Neighbourhood Services

REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	**Aim Reference**	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Director of Environmental & Neighbourhood Services		142		**142**	**142**	**142**	**142**
Development Management		4,453	-3,170	**1,283**	**1,538**	**1,378**	**1,411**
Building Control		1,176	-1,160	**16**	**16**	**16**	**16**
Local Land Charges and Planning Support		688	-595	**93**	**93**	**93**	**93**
Strategic Planning		805		**805**	**805**	**805**	**805**
Neighbourhood Planning		229	-175	**54**	**54**	**54**	**54**
Environmental		41,409	-3,923	**37,486**	**35,453**	**35,878**	**36,616**
Regulatory Services		3,932	-1,230	**2,702**	**2,672**	**2,672**	**2,672**
Libraries		3,649	-315	**3,334**	**3,134**	**3,134**	**3,134**
Leisure Commissioning		180		**180**	**1,236**	**1,029**	**992**
Emergency Planning		224	-58	**166**	**166**	**166**	**166**
Head of Neighbourhood Services & ASB/CEO		631	-12	**619**	**619**	**619**	**619**
Pay Inflation		1,441		**1,441**	**1,965**	**2,744**	**3,706**
Total Cost of Service		**58,959**	**-10,638**	**48,321**	**47,893**	**48,730**	**50,426**

		Policy Proposals included above					
Policy Proposals							
Waste Disposal - Contract Inflation and Tonnage Growth	Green	4,976		**4,976**	**989**	**402**	**721**
Review of governance of Council Wholly Owned Companies and seeking increased opportunities for savings / commercial opportunities	Open	240		**240**			
Environment Strategy and Carbon Neutrality	Green	-61		**-61**			
Strategic Leisure Review	Open	-1,291		**-1,291**	**1,056**	**-207**	**-37**
Investment in improving the customer experience in Planning Services	Open	-500		**-500**			
Move to a single contractor to maintain all Council owned green spaces	Green	-75		**-75**			
Maintenance of green spaces	Green	-398		**-398**	**-200**		
Household Waste and Recycling Centres - introduce residency checks	Green	-21		**-21**			
Bereavement income / Orbitas management fee uplift	Open	175	-175	**0**			
Closed Cemeteries	Fair	93		**93**	**5**	**5**	**5**
Review Closed Landfill Sites	Green	-300		**-300**	**300**		
Libraries - Service Review	Open	-519		**-519**	**-200**		
Local Plan Review	Green	36		**36**	**255**	**-160**	**33**
Environmental Hub maintenance	Green	447		**447**	**23**	**18**	**12**
Review Waste Collection Service - Green Waste	Green		-900	**-900**	**-3,150**		
Planning and Building Control income	Green		800	**800**			
CCTV	Green			**0**	**-30**		
Pension Costs Adjustment	Green	-676		**-676**	**-151**	**-159**	
Restructuring Potential	Green	-500		**-500**	**-268**		
Pay Inflation	Open	2,617		**2,617**	**943**	**938**	**962**
Financial Impact of Policy Proposals		**4,243**	**-275**	**3,968**	**-428**	**837**	**1,696**

HIGHWAYS and TRANSPORT COMMITTEE - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Highways and Infrastructure	23,262	-12,255	**11,007**	**12,501**	**12,598**	**12,754**
Total Cost of Service	**23,262**	**-12,255**	**11,007**	**12,501**	**12,598**	**12,754**

	Policy Proposals included above					
Policy Proposals						
Highways and Infrastructure	-484	-405	**-889**	**1,494**	**97**	**156**
Financial Impact of Policy Proposals	**-484**	**-405**	**-889**	**1,494**	**97**	**156**

HIGHWAYS and TRANSPORT - Highways and Infrastructure REVENUE BUDGET

Service Area	Aim Reference	2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	2024/25 Net £000	2025/26 Net £000	2026/27 Net £000
		Budget including Policy Proposals					
Car Parking		1,930	-6,037	**-4,107**	**-4,832**	**-4,832**	**-4,832**
Strategic Transport		5,048	-11	**5,037**	**7,537**	**7,537**	**7,537**
Highways		14,631	-5,025	**9,606**	**9,332**	**9,332**	**9,332**
HS2		777	-147	**630**	**630**	**630**	**630**
Infrastructure		905	-1,035	**-130**	**-130**	**-130**	**-130**
Pay Inflation		-29		**-29**	**-36**	**61**	**217**
Total Cost of Service		**23,262**	**-12,255**	**11,007**	**12,501**	**12,598**	**12,754**
		Policy Proposals included above					
Policy Proposals							
Highways	Fair	-429	-150	**-579**	**-31**		
Local Bus	Fair	80		**80**	**2,500**		
Parking	Fair	136	-255	**-119**	**-725**		
Energy saving measures from streetlights	Fair	-242		**-242**	**-243**		
Pension Costs Adjustment	Open	-172		**-172**	**-52**	**-55**	
Restructuring Potential	Fair	-122		**-122**	**-132**		
Pay Inflation	Open	265		**265**	**177**	**152**	**156**
Financial Impact of Policy Proposals		**-484**	**-405**	**-889**	**1,494**	**97**	**156**

FINANCE SUB COMMITTEE - Central Items REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Capital Financing		19,900	-900	**19,000**	**20,000**	**21,000**	**22,000**
Income from Use of Capital Receipts			-1,000	**-1,000**	**-1,000**	**-1,000**	**-1,000**
Transfer to/(from) Earmarked Reserves		-5,042		**-5,042**	**-579**	**-5**	**-2,195**
Bad Debt Provision		-650		**-650**	**-50**	**-50**	**-50**
Other Income / Expenditure		1		**1**	**1**	**1**	**1**
Total Cost of Service		**14,209**	**-1,900**	**12,309**	**18,372**	**19,946**	**18,756**

		Policy Proposals included above					
Policy Proposals							
Capital Financing - Minimum Revenue Provision	**Open**			**0**	**1,000**	**1,000**	**1,000**
Pension Cost Adjustment	**Open**	5,350		**5,350**			
Bad Debt Provision Adjustment	**Open**	-800		**-800**	**600**		
Use of Earmarked Reserves	**Open**	-6,348		**-6,348**	**4,463**	**574**	**-2,190**
Capital Receipts Income	**Open**		-1,000	**-1,000**			
Financial Impact of Policy Proposals		**-1,798**	**-1,000**	**-2,798**	**6,063**	**1,574**	**-1,190**

10. Capital Strategy

Executive Summary

10.1 This capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. It provides an overview of how associated risk is managed alongside future financial sustainability.

10.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

10.3 The strategy includes a programme of capital investment which is aimed at delivering sustainable and inclusive economic growth in the borough and supporting the delivery of essential front-line services. The Capital Programme includes:

- Investment that supports the aim to be a Carbon Neutral Council by 2025 and borough wide by 2045.
- Town centre redevelopment and regeneration projects.
- Investment in infrastructure to improve walking, cycling and rail capacity in the borough, and capacity on the roads to reduce congestion and improve air quality.
- Investment to enable the delivery of housing sites that meet the needs of residents including affordable housing and housing for vulnerable and older people.
- Investment in assets to support key front-line services such as improvement to our ICT systems, expansion of our schools and planned investment to maintain the highway network.

10.4 The arrival of HS2 services to the borough provides a significant opportunity for regeneration and economic growth. The Council has been working alongside Government, Network Rail and regional partners including Cheshire & Warrington Local Enterprise Partnership and Transport for the North to develop proposals for a Crewe HS2 Hub Station.

10.5 Most investment decisions are subject to key Government decisions and funding commitments that can secure the necessary funding and revenue streams to support the associated borrowing.

Five Principles

10.6 Five Principles underpin the Capital Strategy:

1. Capital expenditure is priority based and is aligned with the Council's Corporate Plan priorities
2. The financial implications of capital projects are aligned with the Medium-Term Financial Strategy
3. Capital projects will be focused on achieving the best return on investment
4. Decisions will follow a clear framework
5. There will be a corporate approach to generate and apply capital resources

10.7 The overarching aim of the Capital Strategy is to provide a framework within which the Council's capital investment plans will be achieved. The plans are driven by the Corporate Plan.

Comment from the Section 151 Officer

10.8 The Capital Strategy forms a key part of the Council's Medium-Term Financial Strategy (MTFS) alongside the Treasury Management and Investment Strategies. Each of these strategies is reviewed each year and supports my opinion on the robustness of the Council's financial plans.

10.9 The capital strategy:

- provides a framework for the management and monitoring of the capital programme
- creates the process for bidding for capital resources
- sets out the approach to funding capital expenditure
- takes account of the significant revenue implications associated with capital investment

10.10 The Strategy also sets out the Council's processes for:

- setting the financial parameters for capital expenditure in the medium-term
- confirming the flexible use of capital receipts in the medium-term
- the option appraisal of capital project proposals
- deciding on the prioritisation of capital projects
- monitoring and evaluating approved schemes

10.11 The Strategy incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

Director of Finance and Customer Services

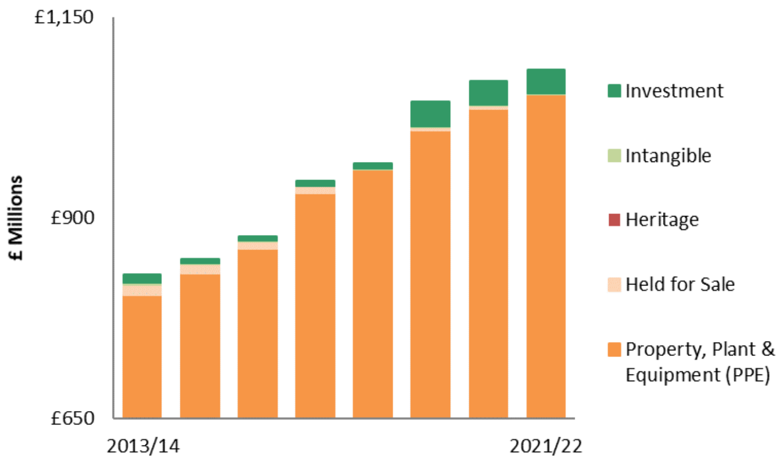
(Section 151 Officer)

1. Introduction

10.12 As a public sector organisation, with assets valued in excess of £1 billion, Cheshire East Council maintains a robust capital strategy that is clearly related to the priorities within the Corporate Plan, is linked with infrastructure and asset planning; and has consistent approaches to investment.

Chart 1: Total Asset Values held by the Council

Property, Plant and Equipment is the most significant category of assets for the Council.



Source: Cheshire East Council: Statement of Accounts 2013 to 2022

10.13 The capital programme, which is developed in line with the Strategy, is the list of capital projects that the Council plans to undertake within a given timeframe.

10.14 The programme is approved in line with the Council's Constitution and covers a minimum period of four years. It is reviewed annually by Council. The programme may include projects that require a longer time to develop and design and these will remain in the programme for many years.

10.15 The Chartered Institute of Public Finance and Accountancy (CIPFA) definition of capital expenditure is:

Definition of Capital Expenditure
"An expenditure on assets that will provide a benefit to the organisation beyond the current financial year including expenditure on purchase of new assets, creation of new assets and enhancing and/or extending the useful life of existing assets."

A more detailed definition of capital expenditure, as it applies to UK local authorities, is contained in *Practitioners' Guide to Capital Finance in Local Government* (CIPFA, 2019).

10.16 Accounting treatment of capital is compliant with International Accounting Standard 16 Property, Plant and Equipment.

10.17 Capital investment is subject to due process, and assurance is provided that plans are prudent, affordable and sustainable in accordance with the Prudential Framework (the Prudential Framework being an umbrella term for several statutory provisions and professional requirements that allow authorities largely to determine their own plans).

10.18 Non-capital expenditure normally falls outside the scope of the framework and is charged to revenue in the year that it occurs. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

10.19 The capital strategy is the foundation of long-term planning of capital investment and how it is to be delivered. Robust processes are relied upon to ensure projects are evaluated and prioritised and approved to the programme along with the resources to fund it. This requires clear parameters to be set at the beginning of the process. Clarity must be supplied via supporting information on the project proposal and clear criteria, related to the organisation's corporate objectives, for prioritising projects.

10.20 In determining how much capital investment to undertake, the Council will consider the long-term impact of borrowing and other forms of capital funding on revenue budgets. The same principle applies to leases, public–private partnerships and outsourcing arrangements to procure public assets.

10.21 Delivering the capital programme requires efficient programme management, project management and procurement, as well as appropriate systems for monitoring, control and scrutiny.

Capital Strategy Principles

10.22 Five Principles underpin the Cheshire East Council Capital Strategy. The principles will be adhered to by Members and employees of the Council and the Section 151 Officer will determine the framework for administering and monitoring the effective application of the principles.

10.23 These principles will be achieved through a process of prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

The Five Principles of the Capital Strategy

1.	Capital expenditure is priority based and is aligned with the Council's priorities.
2.	The financial implications of capital projects are aligned with the Medium-Term Financial Strategy and the Asset Management Plan.
3.	Capital projects will be focused on delivering the best return on investment. This will be demonstrated through: - infrastructure which will generate local economic growth. - investment in new service delivery models that provide reductions in revenue expenditure. - improvements in the Council's asset base that generate a financial return or provide cost effective avoidance of future expenditure. - Capital Projects will be externally funded or supported by private sector investment in a way that maximises the Council's financial interest in the asset. - Borrowing will be appropriate based on the lifetime benefits of a scheme and all investments will be subject to strong control arrangements and risk analysis. - The impact of financing capital expenditure will be reviewed annually to ensure it remains appropriate in terms of the expected return on the overall investment. - Capital investment will follow an agreed set of prudential limits and indicators in order to demonstrate that plans and borrowing are affordable, prudent and sustainable.
4.	Decisions in relation to the programme will follow a clear framework with an appropriate gateway review and robust management of risk relating to capital projects.
5.	There will be a corporate approach to generating and applying capital resources.

2. Prioritisation of Capital Expenditure

10.24 Capital Projects will be approved for inclusion in the Capital Programme based on how they meet the needs of the Corporate Plan and adherence with Capital Strategy.

10.25 Capital ambitions in most Councils exceed the potential capital resources, particularly given recent funding cuts and demand pressures in the public sector. The Council manages this issue through prioritisation on a variety of factors.

10.26 The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.

10.27 The Council agrees a rolling four year programme each year consistent with the Capital Strategy and the resources available. The proposed capital programme includes investment plans of £683.4m. 62.2% of the funding is planned to come from Government grants or contributions from other external partners. In addition, 5.3% will come from the Council's work to maximise the value of asset sales.

10.28 The starting point for the Capital Strategy is the Corporate Plan and identification of capital investment that will help to achieve the Council's key vision:

- **Open:** An open and enabling organisation;
- **Fairer:** A Council which empowers and cares about people;
- **Greener:** A thriving and sustainable place.

10.29 The capital programme includes investment in education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services; all of which contribute to achieving these priorities.

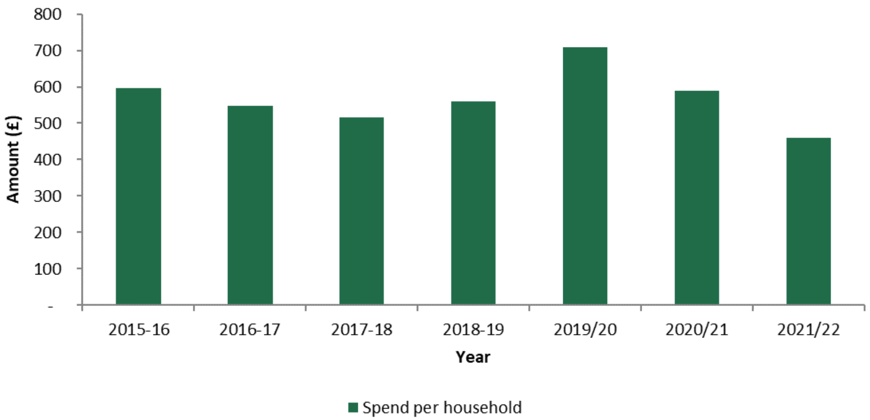
Environment Strategy and Carbon Action Plan

10.30 The Council committed to be carbon neutral for its own emissions by 2025, and pledged to work with others to achieve borough wide carbon neutrality by 2045.

10.31 Various actions are helping the Council reach carbon neutrality, and encourage businesses, residents and organisations to reduce emissions, such as:

- Introduce carbon pricing or more rigorous carbon consideration into capital investment decisions;
- embed carbon reduction into Asset Management;
- new buildings achieve sustainable buildings standard;
- assess retrofit options for Council influenced buildings, including leisure centres and schools;
- continue to progress district heating at Crewe Town Centre, Handforth Garden village – and Alderley park;
- plan and develop natural climate solutions such as tree planting and peatland management to sequester carbon on at least 100 ha of Council owned land by 2025.

Chart 2: Capital Spend per Household



10.32 The Council uses the Five Case Business Model developed by HM Treasury and the Welsh Government. Business cases for major projects include full option appraisal and links to core strategy to ensure they deliver on key Council objectives.

The Five Case Business Model includes:

1. Strategic Case (Contribution to the Corporate Plan)
2. Economic Case
3. Commercial Case
4. Financial Case
5. Management Case

10.33 Assessing these areas within the business case ensures all aspects of a scheme are analysed and the impact on stakeholders identified. Therefore, the Council is able to gain understanding on how a scheme impacts on the overall strategy, the local economy, officers and resources of the Council.

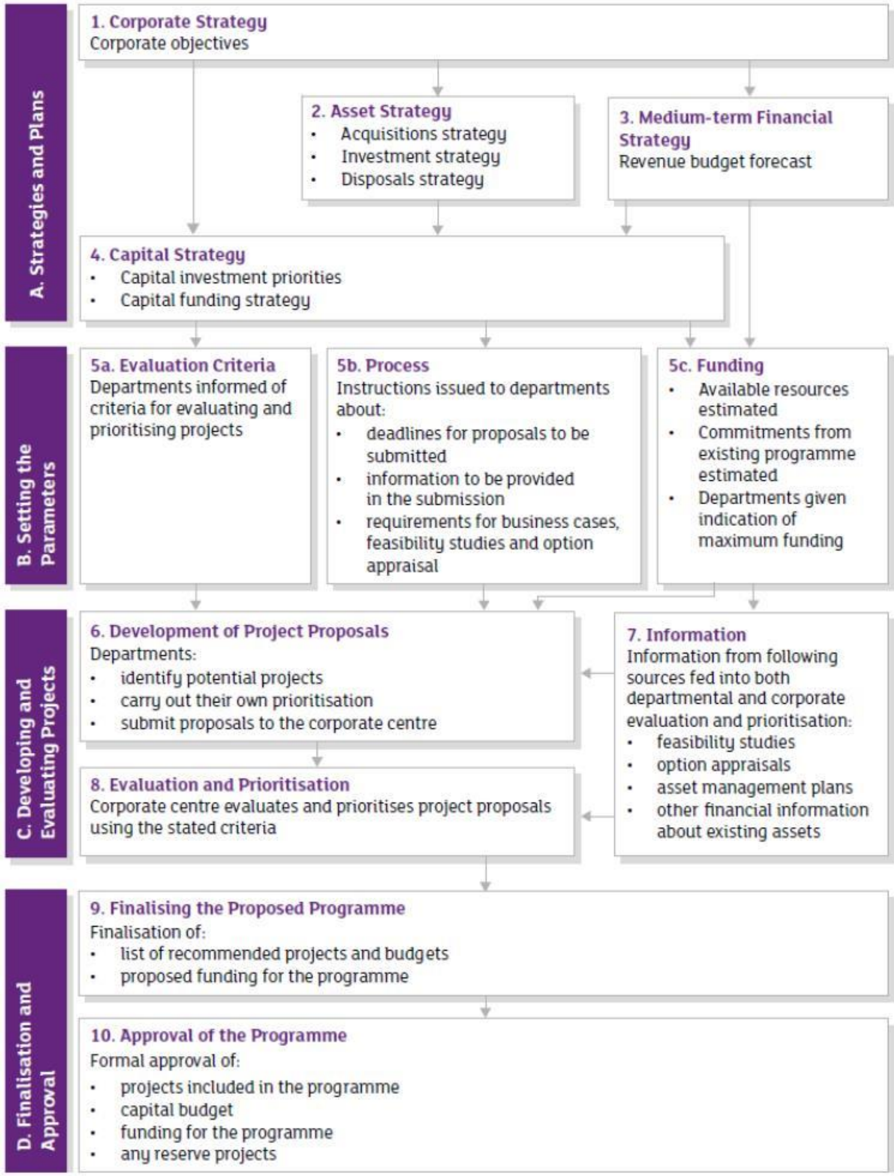
10.34 The 'full' model is appropriate for major infrastructure projects; but the 'light touch' version is insufficiently detailed for some projects. We have taken the 'best of both' to construct a scalable version that is flexible.

10.35 Business Case annexes provide benefits realisation, risks, constraints and dependencies, contractual arrangements, costs and funding, governance arrangements and key milestones.

10.36 High Level Business Cases are submitted as part of the Business Planning process. The Section 151 Officer considers each case to grade them as High, Medium or Low in accordance with the following table.

Priority	Description
High likely to be recommended for approval within the capital programme.	Essential replacement and enhancement Infrastructure that meets priorities of the Local Plan and attracts Government investment An agreed service provision within the MTFS Required compliance and legislative needs Fully funded by external sources Self-funding projects with high financial returns
Medium recommended only if funding is available within the parameters of the MTFS	Cost effective replacement and enhancement Projects with positive financial returns Part funded projects of strategic importance to Council priorities
Low unlikely to be recommended for approval, unless specific strategic importance is associated with the project, or public demand is significant.	Unfunded projects without financial returns

10.37 **Annex A** provides the current Capital Programme for the Council.



3. Financial Controls

Setting Financial Parameters

10.38 The Medium-Term Financial Strategy (MTFS) provides the basis for budget forecasts and annual budget planning for revenue and capital expenditure. This describes the activities to be carried out over the next four years to achieve the corporate priorities alongside the revenue and capital resources which will be needed to deliver those improvements.

10.39 As part of the revenue budget setting process, the estimated financing costs for the capital programme and for existing debt are calculated to update the Capital Financing budget (CFB).

10.40 The Section 151 Officer will invite bids for Capital Expenditure and present a capital programme at each Budget Council meeting. The Section 151 Officer will determine the prioritisation (see Section 2) and the financial implications to assess whether bids are affordable, and will then report to Members for approval in line with the Constitution.

10.41 Strategic management of the capital programme allows schemes to be added throughout the financial year. These will be reported to Committees on a regular basis.

10.42 If the CFB varies from the strategy the Section 151 Officer will consider options to top-up or draw down from the Financing Earmarked Reserve and will report this approach to Members.

10.43 Underspends on the CFB due to programme slippage will automatically be transferred to the Financing Reserve.

10.44 Current forecasts are that the CFB will continue from 5.8% to 5.6% of the Net Revenue budget in the medium-term.

10.45 **Table 1,** provides the Financial Parameters for the period 2023/24 to 2026/27, followed by the strategy behind each element of the calculation.

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

Parameter	Value (£m)			
	2023/24	2024/25	2025/26	2026/27
Repayment of Borrowing				
Minimum Revenue Provision*	17.6	20.1	22.7	23.4
External Loan Interest	6.0	6.0	6.0	6.0
Investment Income	(2.4)	(2.3)	(2.3)	(2.3)
Contributions from Services Revenue Budgets	(1.4)	(1.5)	(2.4)	(2.8)
Total Capital Financing Costs	**19.8**	**22.3**	**24.0**	**24.3**
Use of Financing EMR	**(0.8)**	**(2.3)**	**(3.0)**	**(2.3)**
Actual CFB in MTFS	**19.0**	**20.0**	**21.0**	**22.0**
***Capital Receipts targets**	**1.0**	**1.0**	**1.0**	**1.0**
Flexible Use of Capital Receipts	**1.0**	**1.0**	**1.0**	**1.0**

* Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

10.46 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision.

10.47 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision). This ensures that the revenue costs of repaying debt are spread over the life of the asset, similar to depreciation.

Chart 3: Capital Financing as a percentage of Net Budget

10.48 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in **Annex B**. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

10.49 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works.

10.50 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short-term loans. As short-term interest rates are currently much lower than long-term rates this is likely to be more cost effective.

Investment Income

10.51 The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.

10.52 The Section 151 Officer, with advice from treasury management advisors, is responsible for considering the prudent level of available balances in any year and then assessing risk against potential financial returns to determine a level of income to be achieved from investments.

10.53 The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.

Contributions from Services

10.54 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium-Term Financial Strategy.

10.55 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.

10.56 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to funding such costs must be approved as part of the business planning process before the scheme can commence.

10.57 The Council's strategy is to use revenue contributions to the Capital Programme to reduce the overall Capital Financing Budget.

Use of Financing Earmarked Reserve

10.58 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.

10.59 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the CFB within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. As part of the 2023/27 MTFS there is a proposal to utilise £0.8m in 2023/24 from the reserve to cover future capital financing commitments.

10.60 The Council's current strategy is to draw-down £8.4m from the Financing Earmarked Reserve for the period 2023/24 to 2026/27.

Capital Receipts from Asset Disposals

10.61 The Council has a substantial land and property estate, mainly for operational service requirements and administrative buildings.

10.62 Council Plans, such as the Local Plan, Local Transport Plan, Farms Strategy and Asset Management Plans, set the strategic framework for significant land and property asset disposals and acquisitions associated with these key areas. In each financial year the net impact of these plans will allow the Section 151 Officer, in consultation with the Executive Director for Place, to determine the net impact of disposals and acquisitions on the CFB.

10.63 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs, included within the new flexibilities provisions, as and when received.

10.64 The Council will continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas unless a suitable business case is made available, but instead subject to any claw back provisions, to allocate resources in accordance with key aims and priorities. Capital receipts have been an important source of finance in previous financial years.

10.65 In considering the 2023/24 capital programme, a prudent approach has been taken and there has been no assumption of any significant additional capital receipts. A minimum amount of £1.0m additional capital receipts has been anticipated in 2023/24.

10.66 The Council's current strategy is to realise net receipts of £4.0m for the period 2023/24 to 2025/26 and that these receipts will reduce the overall Capital Financing Budget.

Flexible use of Capital Receipts

10.67 Following the 2015 Spending Review, in March 2016 DLUHC (formerly MHCLG) published statutory guidance on the flexible use of capital receipts initially for a three-year period covering 2016/17 to 2018/19. The guidance has been updated a number of time since then and most recently in April 2022 which has allowed the flexibility to continue to use capital Receipts to fund transformational programmes within Council's now extends to March 2025.

10.68 There are plans to utilise £1.0m of capital receipts to offset the cost of transformational projects over the period 2023/24 to 2026/27. The Strategy for 2023/24 is shown at **Annex D**.

Government Grants

10.69 Government capital grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.

10.70 Overall Government funding has reduced in recent years, but the Council still receives Government grants including:

- DfT Local Transport Plan
- Housing Infrastructure Fund
- Disabled Facilities Grants
- DfE Devolved Formula Capital; Schools Condition, Basic Needs and High Needs/SEN Allocations

10.71 The Council's strategy is to ring-fence capital grants to the service that they are allocated to.

Developer Contributions

10.72 Developer contributions will be sought to ensure that the necessary physical, social, public realm, economic and green infrastructure is in place to deliver development. Contributions will be used to mitigate the adverse impacts of development and to help facilitate the infrastructure needed to support sustainable development.

10.73 Development proposals will be expected to provide a contribution to the cost of infrastructure including initial design, capital costs and ongoing revenue such as the maintenance of services and facilities.

10.74 The Council's strategy is to forward fund anticipated Section 106 contributions for major infrastructure and education schemes.

Community Infrastructure Levy (CIL)

10.75 The Community Infrastructure Levy (CIL) is a planning charge on new development which became operational in Cheshire East on 1 March 2019. The Levy allows the Council to raise financial contributions from certain chargeable development in the borough such as housing (except affordable housing, self-build housing and apartments) and retail development at the Crewe Grand Junction and Handforth Dean retail parks. The CIL regulations require Councils to spend the monies raised on the infrastructure needed to support the development of their area. The definition of infrastructure allows a broad range of facilities to be funded such as play areas, open spaces, parks and green spaces, cultural and sports facilities, as well as those relating to transport, health and education. CIL monies can be used in conjunction with S106 contributions and other monies to deliver infrastructure.

10.76 The Council passes on either 15% or 25% of its CIL receipts to the town or parish council where the CIL chargeable development has taken place, with the higher amount being paid to those Councils with a Neighbourhood Plan. The Council will use the MTFS process to allocate the remaining CIL receipts and this will be done within the general framework detailed below:

- Up to 5% of the receipts will go towards the costs of administering CIL and the rest will be used to deliver the Council's planned infrastructure priorities;
- The Council's infrastructure priorities will be identified in its annual Infrastructure Funding Statement (IFS) which will be published on the Council's website by the end of December each year. This will also contain details on the amount of CIL receipts received, spent and remaining unspent in the previous financial year;
- CIL monies will only be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of Cheshire East;
- The MTFS process requires a business case to be made for the funding of projects. Where CIL monies are being sought, the business case for the proposed infrastructure must identify how it will support the planned development of the area. This should include reference to how it relates to and meets the priorities identified in the current IFS, the Council's Local Plan and the Infrastructure Delivery Plan;
- CIL spending decisions will be primarily based on achieving the delivery of published infrastructure priorities and the growth identified in the Local Plan. Other considerations will include the extent to which non CIL funding sources can be leveraged into the infrastructure project and assurance that the ongoing operational and maintenance costs of the project will be met over the life of the infrastructure; and
- The reasons and decisions made on all CIL funding bids considered through the MTFS process will be published to ensure transparency.

10.77 The Council has decided that it intends to spend the first £2.6m of the CIL money it receives on helping to deliver the provision of the Middlewich Eastern Bypass (MEB). This is a significant infrastructure road scheme with a current budget forecast of some £68m for the period 2023-27, including some £55.6m of leveraged money from grants and external contributions, as detailed in the capital programme.

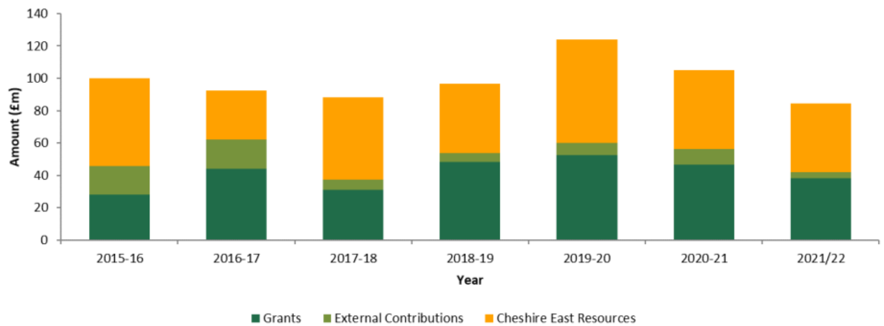
10.78 The scheme will help support growth in Middlewich and the wider borough, as detailed in the Council's Local Plan Strategy (LPS). This includes the delivery of the large (121ha) Midpoint 18 employment site and some 960 new homes in the town. The MEB is also identified as a priority 1 scheme in the Council's Infrastructure Delivery Plan (July 2016) that was used as supporting evidence in the independent LPS examination.

Funding Capital Expenditure

10.79 The inclusion of schemes within the Council's capital budget is intrinsically linked with the way schemes can be financed. This ensures that the affordability of the capital programme reflects the organisation's long-term objectives rather than short-term expedience.

10.80 The Council's strategy is to fund capital expenditure in the first instance from sources other than the Council's Capital Financing Revenue Budget.

Chart 4: Capital Expenditure split by funding type



10.81 The Council has a good track record of producing business cases that are supported by government and then backed by subsequent grants and for aligning expenditure with local developments that are then backed by external developer contributions.

10.82 Main forecasted income sources are:

- Government Grants (£321m / 47%)
- Other external contributions (£104m / 15%)
- Receipts from Council Assets (£37m / 6%)
- Borrowing or Revenue Contributions (£221m / 32 %)

10.83 Capital expenditure may be funded directly from revenue, but not vice-versa. Overall financial pressure on the Council makes returns on capital investment a key element of the overall financial stability of the Medium-Term Financial Strategy.

10.84 Capital budgeting differs from revenue budgeting because:

- the need for capital investment tends to fluctuate year on year to a much greater degree than the need for revenue spending.
- there is usually significant discretion over how or when to make use of the capital funding that is potentially available, such as determining the level of borrowing and the use made of capital receipts in a particular period.
- there is usually significant discretion over when particular capital projects take place capital budgets, unlike revenue budgets, can usually be carried forward from one year to another.
- many public sector organisations are able to fund capital expenditure from sources that they are not permitted to use to fund revenue expenditure, such as borrowing.

10.85 The Section 151 Officer will therefore use judgement, as part of the medium-term financial planning process, to determine how schemes can be accommodated within the overall programme, depending on the organisation's overall financial position and its capital investment priorities.

10.86 The Council will ensure every effort is made to provide value for money from capital expenditure, and to maximise the local benefits from capital projects the Council will always target alternative funding sources before committing to contributions from the funding parameters set within the MTFS. All high-level business cases will therefore contain reference to benefits realisation.

10.87 All high-level business cases will include information on how alternative funding sources have been considered. All capital scheme budget managers will also provide regular updates on the status of all funding sources, as required by the Section 151 Officer. Funding sources will be categorised as either 'received', 'contractually committed' or 'in negotiation'.

Contingencies in the Capital Programme

10.88 In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (for example the cost of asbestos removal).

10.89 For this reason, the Council will develop a structured process of identifying and managing risk. In the initial stages of a project these are necessarily broad estimates due to the number of unknown factors. As projects progress the unknown factors will become clearer and project managers will focus on managing these in the most effective way possible, utilising contingencies to do so as needed.

10.90 The process of identifying risk will be two stage, firstly at the project development stage with further refinement at the contract award stage.

4. Investment and Risk Strategy

10.91 The Council is faced with diminishing capital finance and reduced access to grants and external funding. Spend will need to be monitored effectively against available funds. The Council has seen an unprecedented increase in costs for a number of its key projects due to inflationary pressures being experienced nationwide. This pressure is likely to continue in the forthcoming years as well. However, less dependence and more self-reliance will tend to reduce the exposure to risk.

10.92 A risk management framework in place and the core of this framework is set out in the Corporate Risk Management Strategy. Each directorate has its own operational risk register which integrates the relevant directorate Performance Strategy, improvement plans and budgets. In accordance with the HM Treasury Five Case model, a detailed Risk Assessment must be completed for each capital scheme.

10.93 Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked reserves provides protection for Council Taxpayers against year on year fluctuations in expenditure.

10.94 The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of this strategy. Effective procurement is therefore essential, and the Council seeks to apply rigorous procurement standards in the selection of suppliers and contractors throughout the life of a project.

10.95 The Capital Programme should be kept under review having regard to the prevailing economic climate, property market and Government policy. Capital receipts estimates should therefore be kept under review with any significant changes reflected in reporting.

10.96 Cheshire East's strong taxbase and independence provides financial stability and offers some "local protection" from the impact of national economic fluctuations and total spending per head of population is below average when compared to neighbouring authorities. Given this national and local context, overall financial risk profile should continue to reduce.

5. Governance

10.97 It is important given the risks surrounding Capital Projects that the appropriate governance arrangements are in place:

- The Capital Strategy, including the overall Capital Programme to be approved annually as part of the Medium-Term Financial Strategy at full Council.
- Updates to the capital programme will be reported to the relevant Committee on a regular basis.
- Committees will review progress against the capital programme and monitor levels of slippage against reported profiled spend.
- Management of Committee work programmes provides the opportunity for Members to consider how scrutiny and amendment of the capital programme ensures alignment to the Council's ambitions.
- Proposals for inclusion in the Capital programme can be made throughout the year. All schemes are subject to approval in accordance with the Finance Procedure Rules before inclusion in the programme.
- An officer group, the Assets Board, meets monthly and is chaired by the Director of Growth & Enterprise. The Board has a key role in the development and implementation of the strategy and reviews performance of the programme.
- The board has strategic oversight of land and property assets and reports on acquisition, disposal, development and management strategies.
- The Assets Board delegates responsibility for the detailed tasks to a sub-group ~ Capital Programme Board.

Capital Programme Board – Terms of Reference

10.98 The detailed appraisal of projects, taking into consideration the Council's priorities and annual aims and objectives.

- To ensure that all capital decisions are compliant with the capital strategy.
- To provide a forum for establishing and providing robust challenge of the business cases and debate around the capital programme once signed off by each Directorate's Management Team to ensure all projects meet corporate objectives.
- Undertake gateway reviews and risk management reviews of major capital projects.
- Undertake a detailed annual review of the capital programme.
- Monitor the capital programme on an ongoing basis and to ensure it is achieving the agreed outcomes and report to the Finance Sub-Committee
- Receive post project completion reports to assess benefit realisation and lessons learnt.

10.99 The Capital Programme Board will assess submissions for capital expenditure with the exception of schemes fully funded by external resources (such as specific grants or developer contributions); these will be approved in accordance with Finance Procedure Rules (paragraph 19, Supplementary Estimates and paragraph 2.20, Capital Block Provisions).

10.100 The Capital Programme Board provides monthly updates and makes recommendations to the Assets Board who will refer decisions to the appropriate decision maker, whether this is an

Officer under delegated responsibility, Finance Sub-Committee, Service Committee or Council.

Knowledge and Skills

10.101 The Capital Strategy and Treasury Management and Investment Strategies are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

10.102 The Council’s Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities. He is a professionally qualified accountant and follows an ongoing CPD programme.

10.103 The Senior Responsible Officers and Project Managers who manage a capital project receive training which provides up to date information on the CIPFA Code of Practice, the Prudential Code, principles of capital accounting including eligible capital expenditure, capital funding and the capital financing budget.

Background Papers

Cheshire East Reports –

- Statement of Accounts
- Medium-Term Financial Strategy
- Quarterly Review of Finance Reports
- Financial Resilience - Value for Money
- Finance Procedure Rules

Arlingclose Ltd, Independent Treasury Management Advisors –

- Capital Strategy Template

Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (CIPFA)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2019)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2019 and 2021)

Annex A: Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2023/24 - 2026/27

	Prior Years £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Total Budget £000
Committed Schemes - In Progress						
Adults and Health	104	472	0	0	0	**576**
Children and Families	7,782	53,079	33,400	20,956	8,310	**123,527**
Highways & Transport	274,117	47,351	66,383	113,005	4,014	**504,870**
Economy & Growth	48,198	71,598	51,864	78,175	3,859	**253,694**
Environment & Communities	19,659	10,406	16,726	616	0	**47,407**
Corporate Policy	147	11,900	9,738	5,793	150	**27,728**
Total Committed Schemes - In Progress	**350,007**	**194,806**	**178,111**	**218,545**	**16,333**	**957,802**

CAPITAL PROGRAMME 2023/24 - 2026/27

	Prior Years £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Total Budget £000
New Schemes						
Adults and Health	0	0	0	0	0	0
Children and Families	0	750	750	0	0	**1,500**
Highways & Transport	0	16,597	16,861	17,130	15,051	**65,639**
Economy & Growth	0	0	0	0	0	**0**
Environment & Communities	0	1,605	1,991	3,301	0	**6,897**
Corporate Policy	0	926	627	0	0	**1,553**
Total New Schemes	**0**	**19,878**	**20,229**	**20,431**	**15,051**	**75,589**
Total Capital Schemes	**350,007**	**214,684**	**198,340**	**238,976**	**31,384**	**1,033,391**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2023/24 - 2026/27

Funding Requirement

	Prior Years £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Total Budget £000
Indicative Funding Analysis: (See note 1)						
Government Grants	181,950	115,039	117,373	69,329	19,703	**503,394**
External Contributions	23,814	16,769	20,921	56,492	9,940	**127,936**
Revenue Contributions	362	410	0	0	0	**772**
Capital Receipts	382	3,321	1,000	31,500	1,000	**37,203**
Prudential Borrowing (See note 2)	143,499	79,145	59,046	81,655	741	**364,086**
Total	**350,007**	**214,684**	**198,340**	**238,976**	**31,384**	**1,033,391**

Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next four years 2023-27 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

Adults and Health

CAPITAL

CAPITAL PROGRAMME 2023/24 - 2026/27												
	Forecast Expenditure						Forecast Funding					
Scheme Description	Prior Years £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Total Budget £000	Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes												
Adult Social Care												
Electronic Call Monitoring System	0	389	0	0	0	**389**	0	0	389	0	0	**389**
People Planner System	39	55	0	0	0	**94**	55	0	0	0	0	**55**
Replacement Care4CE Devices	65	28	0	0	0	**93**	28	0	0	0	0	**28**
Total Adults Social Care Schemes	**104**	**472**	**0**	**0**	**0**	**576**	**83**	**0**	**389**	**0**	**0**	**472**

CAPITAL PROGRAMME 2023/24-2026/27

Scheme Description	Prior Years	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Total Forecast Budget 2023/27	Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	Total Funding
	Forecast Expenditure						Forecast Funding					
Committed Schemes												
Childrens Social Care												
Foster Carers Capacity Scheme	349	286	0	0	0	**286**	0	0	0	0	286	**286**
Crewe Youth Zone	683	2,159	1,358	0	0	**3,517**	1,317	0	0	0	2,200	**3,517**
Children's Home Sufficiency Scheme	100	2,000	0	0	0	**2,000**	0	0	0	0	2,000	**2,000**
Total Children's Social Care	**1,132**	**4,445**	**1,358**	**0**	**0**	**5,803**	**1,317**	**0**	**0**	**0**	**4,486**	**5,803**
Strong Start, Family Help & Integration												
Early Years Sufficiency Capital Fund	913	123	0	0	0	**123**	123	0	0	0	0	**123**
Total Strong Start, Family Help & Integration	**913**	**123**	**0**	**0**	**0**	**123**	**123**	**0**	**0**	**0**	**0**	**123**
Education and 14-19 Skills												
Adelaide Academy	39	550	195	0	0	**745**	575	0	0	0	170	**745**
Basic Need Grant Allocation	11	2,500	4,808	0	0	**7,308**	7,308	0	0	0	0	**7,308**
Congleton Planning Area	94	3,940	1,000	0	0	**4,940**	2,593	2,347	0	0	0	**4,940**
Congleton Planning Area - Primary (1)	0	500	1,700	0	0	**2,200**	1,000	1,200	0	0	0	**2,200**
Congleton Planning Area - Primary (2)	100	525	0	0	0	**525**	525	0	0	0	0	**525**
Congleton Planning Area - Primary (3)	0	250	1,500	5,750	0	**7,500**	4,300	3,200	0	0	0	**7,500**
Devolved Formula Capital	0	350	340	330	310	**1,330**	1,330	0	0	0	0	**1,330**
Handforth Planning Area - New School	0	0	500	8,500	4,000	**13,000**	136	12,864	0	0	0	**13,000**
Holmes Chapel Planning Area	780	2,845	0	0	0	**2,845**	2,470	375	0	0	0	**2,845**
Macclesfield Planning Area - Secondary	1,106	1,500	1,478	0	0	**2,978**	2,978	0	0	0	0	**2,978**
Macclesfield Planning Area - Secondary New	100	0	500	0	0	**500**	500	0	0	0	0	**500**
Macclesfield Planning Area - New School	0	0	0	2,000	2,000	**4,000**		4,000	0	0	0	**4,000**
Mobberley Primary School	50	850	0	0	0	**850**	550	0	0	300	0	**850**
Nantwich Planning Area (Primary)	304	4,800	2,676	0	0	**7,476**	4,287	3,189	0	0	0	**7,476**
Nantwich Planning Area (Secondary)	0	700	0	0	0	**700**	700	0	0	0	0	**700**
Provision of Sufficient School Places - SEND	16	5,028	1,000	0	0	**6,028**	500	0	0	0	5,528	**6,028**
Resource Provision - Wistaston	0	1,400	0	0	0	**1,400**	1,100	0	0	0	300	**1,400**
Sandbach Planning Area - Primary	0	2,000	1,683	0	0	**3,683**	3,173	510	0	0	0	**3,683**
Sandbach Planning Area (secondary - 300 places)	3	38	0	0	0	**38**	38	0	0	0	0	**38**
School Condition Capital Grant	0	2,868	2,000	2,000	2,000	**8,868**	8,868	0	0	0	0	**8,868**

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CAPITAL PROGRAMME 2023/24-2026/27

	Forecast Expenditure						Forecast Funding					
Scheme Description	**Prior Years**	**Forecast Budget 2023/24**	**Forecast Budget 2024/25**	**Forecast Budget 2025/26**	**Forecast Budget 2026/27**	**Total Forecast Budget 2023/27**	**Grants**	**External Contributions**	**Revenue Contributions**	**Capital Receipts**	**Prudential Borrowing**	**Total Funding**
Committed Schemes												
Sen/High Needs Grant Allocation	93	1,195	1,195	0	0	**2,390**	2,390	0	0	0	0	**2,390**
Shavington Planning Area - Primary	10	500	5,114	2,376	0	**7,990**	5,633	2,357	0	0	0	**7,990**
Shavington Planning Area - secondary	170	1,773	1,557	0	0	**3,330**	3,330	0	0	0	0	**3,330**
Springfield Satellite Site (Dean Row)	141	5,459	500	0	0	**5,959**	5,159	0	0	0	800	**5,959**
The Dingle Primary School Expansion	10	990	385	0	0	**1,375**	1,375	0	0	0	0	**1,375**
Wilmslow High School BN	2,708	7,950	3,286	0	0	**11,236**	8,501	2,687	0	0	48	**11,236**
Wilmslow Primary Planning Area	1	0	625	0	0	**625**	125	500	0	0	0	**625**
								0	0	0	0	
Total Education & 14-19 Skills	**5,738**	**48,511**	**32,042**	**20,956**	**8,310**	**109,819**	**69,443**	**33,230**	**0**	**300**	**6,846**	**109,819**
												0
Total Committed Schemes	**7,782**	**53,079**	**33,400**	**20,956**	**8,310**	**115,745**	**70,883**	**33,230**	**0**	**300**	**11,332**	**115,745**
New Schemes												
Education and 14-19 Skills												
Poynton Planning Area	0	750	750	0	0	**1,500**	697	803	0	0	0	**1,500**
Total New Schemes	**0**	**750**	**750**	**0**	**0**	**1,500**	**697**	**803**	**0**	**0**	**0**	**1,500**
Total Children and Families Schemes	**7,782**	**53,829**	**34,150**	**20,956**	**8,310**	**117,245**	**71,580**	**34,033**	**0**	**300**	**11,332**	**117,245**

CAPITAL PROGRAMME 2023/24 - 2026/27

Scheme Description	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
	Forecast Expenditure						Forecast Funding					
Committed Schemes												
ICT Services												
Care Act Phase 2	0	1,100	1,038	0	0	**2,138**	0	0	0	0	2,138	**2,138**
Digital Customer - Delivery Programme Phase 1	128	122	0	0	0	**122**	0	0	0	0	122	**122**
Digital Customer Enablement	0	1,400	474	0	0	**1,874**	0	0	0	0	1,874	**1,874**
Info' Assurance And Data Mgmt	0	1,941	1,850	0	0	**3,791**	0	0	0	626	3,165	**3,791**
Infrastructure Investment(IIP)	0	1,869	1,656	1814	0	**5,339**	0	0	0	0	5,339	**5,339**
Total ICT Services Schemes	**128**	**6,432**	**5,018**	**1,814**	**0**	**13,264**	**0**	**0**	**0**	**626**	**12,638**	**13,264**
Finance & Customer Services												
Core Financials	0	741	720	741	0	**2,202**	0	0	0	0	2,202	**2,202**
Strategic Capital Projects	0	4,727	4,000	3,087	0	**11,814**	0	0	0	0	11,814	**11,814**
Vendor Management - Phase 2	19	0	0	151	150	**301**	0	0	0	150	151	**301**
Total Finance & Customer Services Schemes	**19**	**5,468**	**4,720**	**3,979**	**150**	**14,317**	**0**	**0**	**0**	**150**	**14,167**	**14,317**
Total Committed Schemes	**147**	**11,900**	**9,738**	**5,793**	**150**	**27,581**	**0**	**0**	**0**	**776**	**26,805**	**27,581**
New Schemes												
ICT Services												
ICT Hybrid Model	0	926	627	0	0	**1,553**	0	0	0	0	1,553	**1,553**
Total ICT Services New Schemes	**0**	**926**	**627**	**0**	**0**	**1,553**	**0**	**0**	**0**	**0**	**1,553**	**1,553**
Total Corporate Policy Schemes	**147**	**12,825**	**10,365**	**5,793**	**150**	**29,134**	**0**	**0**	**0**	**776**	**28,358**	**29,134**

CAPITAL PROGRAMME 2023/24- 2026/27

Scheme Description	Prior Years	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Total Forecast Budget 2023/27	Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	Total Funding
	Forecast Expenditure						Forecast Funding					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes												
Culture & Tourism												
Countryside Vehicles	132	455	193	219	0	**867**	0	0	0	0	867	**867**
New Archive Premises	0	4100	5699	451	0	**10,250**	0	0	0	0	10,250	**10,250**
Public Rights of Way - CMM A6 MARR	8	93	0	0	0	**93**	93	0	0	0	0	**93**
Rural & Green Section 106 Schemes	21	52	0	0	0	**52**	0	52	0	0	0	**52**
Tatton Park Investment Phase 2	264	1205	500	0	0	**1,705**	0	0	0	0	1,705	**1,705**
Total Culture & Tourism Committed Schemes	**425**	**5,905**	**6,392**	**670**	**0**	**12,967**	**93**	**52**	**0**	**0**	**12,822**	**12,967**
Economic Development												
Connecting Cheshire 2020	1,500	2,500	2,238	1,000	0	**5,738**	5,738	0	0	0	0	**5,738**
Connecting Cheshire Phase 2	0	0	0	883	0	**883**	0	313	0	0	570	**883**
Connecting Cheshire	0	0	0	595	0	**595**	0	48	0	0	547	**595**
Connecting Cheshire Phase 3	100	1,500	2,400	4,000	0	**7,900**	0	7,900	0	0	0	**7,900**
Crewe Town Centre Regeneration	14,906	15,595	0	0	1,517	**17,112**	0	0	0	850	16,262	**17,112**
Crewe Towns Fund	1,457	3,893	9,000	5,810	0	**18,703**	18,703	0	0	0	0	**18,703**
Demolition of Crewe Library Site	318	1,077	1,370	0	0	**2,447**	924	0	0	0	1,523	**2,447**
Future High Street Funding - CEC Innovation Centre	58	1,111	0	0	0	**1,111**	1,111	0	0	0	0	**1,111**
Future High Street Funding - Christ Church Innovation Centre	71	1,863	0	0	0	**1,863**	1,863	0	0	0	0	**1,863**
Handforth Heat Network	0	9,910	2,000	1,800	0	**13,710**	5,420	4,890	0	0	3,400	**13,710**
Leighton Green	1,465	331	300	0	0	**631**	0	0	0	0	631	**631**
Macclesfield Indoor Market Toilet Refurbishment	80	80	0	0	0	**80**	70	0	10	0	0	**80**
Macclesfield Town Centre	1,869	349	0	0	0	**349**	0	0	0	0	349	**349**
North Cheshire Garden Village	6,091	12,300	9,000	37,317	0	**58,617**	21,232	0	0	21,568	15,817	**58,617**
South Macclesfield Development Area	3,339	1,291	10,000	20,000	0	**31,291**	10,000	10,000	0	11,291	0	**31,291**
Total Economic Development Committed Schemes	**31,254**	**51,801**	**36,307**	**71,404**	**1,517**	**161,030**	**65,061**	**23,151**	**10**	**33,709**	**39,100**	**161,030**

CAPITAL PROGRAMME 2023/24- 2026/27												
	Forecast Expenditure						Forecast Funding					
Scheme Description	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes												
Estates												
Corporate Landlord - Land Acquisitions	0	1,336	0	0	0	**1,336**	0	1,336	0	0	0	**1,336**
Farms Strategy	8	306	306	1,090	0	**1,702**	0	0	0	306	1,396	**1,702**
Malkins Bank Landfill Site	711	649	0	0	0	**649**	0	0	0	0	649	**649**
Premises Capital (FM)	4,282	4,232	3,500	2,469	0	**10,201**	0	0	0	0	10,201	**10,201**
Public Sector Decarbonisation - 3	4,464	750	0	0	0	**750**	0	0	0	0	750	**750**
Schools Capital Maintenance	932	1,650	0	0	0	**1,650**	1,490	0	0	0	160	**1,650**
Septic Tanks	300	337	0	0	0	**337**	0	0	0	0	337	**337**
Total Estates Committed Schemes	**10,696**	**9,260**	**3,806**	**3,559**	**0**	**16,625**	**1,490**	**1,336**	**0**	**306**	**13,493**	**16,625**
Housing												
Crewe Towns Fund - Warm and Healthy Homes	26	74	0	0	0	**74**	74	0	0	0	0	**74**
Disabled Facilities Grant	3,845	2,342	2,342	2,342	2,342	**9,368**	9,368	0	0	0	0	**9,368**
Future High Street Funding - Chester Street	3	5	1,370	0	0	**1,375**	1,375	0	0	0	0	**1,375**
Future High Street Funding - Delamere Street	7	5	1,447	0	0	**1,452**	1,452	0	0	0	0	**1,452**
Gypsy and Traveller Sites	1,695	2,006	0	0	0	**2,006**	700	0	0	0	1,306	**2,006**
Home Repairs for Vulnerable People	246	200	200	200	0	**600**	0	0	0	0	600	**600**
Total Housing Committed Schemes	**5,822**	**4,632**	**5,359**	**2,542**	**2,342**	**14,875**	**12,969**	**0**	**0**	**0**	**1,906**	**14,875**
Total Economy and Growth Schemes	**48,198**	**71,598**	**51,864**	**78,175**	**3,859**	**205,497**	**79,613**	**24,539**	**10**	**34,015**	**67,321**	**205,497**

Environment and Communities CAPITAL

CAPITAL PROGRAMME 2023/24-2026/27

Scheme Description	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
	Forecast Expenditure						Forecast Funding					
Committed Schemes												
Environment Services												
Arnold Rhodes Public Open Space Improvements Phase 2	89	5	0	0	0	**5**	0	5	0	0	0	**5**
Barony Skate Park Refurbishment	0	100	0	0	0	**100**	100	0	0	0	0	**100**
Carbon Offset Investment	125	125	250	500	0	**875**	0	0	0	0	875	**875**
Congleton Household Waste Recycling Centre Development	35	15	0	0	0	**15**	0	0	0	0	15	**15**
Energy Improvements at Cledford Lane	845	140	0	0	0	**140**	0	0	0	0	140	**140**
Fleet Vehicle Electric Charging	65	225	179	116	0	**520**	0	0	0	0	520	**520**
Future High Street Funding - Sustainable Energy Network	302	2,275	0	0	0	**2,275**	2,275	0	0	0	0	**2,275**
Green Investment Scheme (Solar Farm)	464	3,486	0	0	0	**3,486**	0	0	0	0	3,486	**3,486**
Household Waste Recycling Centres	50	810	0	0	0	**810**	0	0	0	0	810	**810**
Litter and Recycling Bins	106	50	52	0	0	**102**	0	0	0	0	102	**102**
Park Development Fund	560	236	150	0	0	**386**	0	0	0	0	386	**386**
Pastures Wood Decarbonisation	39	12	0	0	0	**12**	0	0	12	0	0	**12**
Solar Energy Generation	20	280	13,880	0	0	**14,160**	0	0	0	0	14,160	**14,160**
Victoria Park Pitch Improvements	17	12	0	0	0	**12**	0	12	0	0		**12**
Total Environment Services Schemes	**2,718**	**7,770**	**14,511**	**616**	**0**	**22,897**	**2,375**	**17**	**12**	**0**	**20,493**	**22,897**
Neighbourhood Services												
Congleton Leisure Centre	12,175	50	0	0	0	**50**	0	0	0	0	50	**50**
Macclesfield Leisure Centre Improvements	3,398	467	0	0	0	**467**	0	0	0	0	467	**467**
Libraries - Next Generation - Self Service	323	51	0	0	0	**51**	0	0	0	0	51	**51**
Poynton Leisure Centre	391	2,000	2,215	0	0	**4,215**	0	0	0	0	4,215	**4,215**
Total Neighbourhood Services	**16,287**	**2,568**	**2,215**	**0**	**0**	**4,783**	**0**	**0**	**0**	**0**	**4,783**	**4,783**
Planning Services												
Replacement Planning & Building	365	45	0	0	0	**45**	0	0	0	0	45	**45**
Regulatory Services & Enviromental Health ICT System	290	23	0	0	0	**23**	0	0	0	0	23	**23**
Total Planning Services	**655**	**68**	**0**	**0**	**0**	**68**	**0**	**0**	**0**	**0**	**68**	**68**
Total Committed Schemes	**19,659**	**10,406**	**16,726**	**616**	**0**	**27,748**	**2,375**	**17**	**12**	**0**	**25,344**	**27,748**
New Schemes												
Environment Services												
Fleet EV Transition	0	1,605	1,991	3,301	0	**6,897**	0	0	0	0	6,897	**6,897**
Total New Schemes	**0**	**1,605**	**1,991**	**3,301**	**0**	**6,897**	**0**	**0**	**0**	**0**	**6,897**	**6,897**
Total Environment and Communities Schemes	**19,659**	**12,011**	**18,717**	**3,917**	**0**	**34,645**	**2,375**	**17**	**12**	**0**	**32,241**	**34,645**

CAPITAL PROGRAMME 2023/24- 2026/27

Scheme Description	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
	Forecast Expenditure						Forecast Funding					
Committed Schemes												
Strategic Infrastructure												
A500 Dualling Scheme	10,866	1,627	26,990	49,973	0	**78,590**	51,683	4,300	0	0	22,607	**78,590**
A50 / A54 Holmes Chapel	106	347	150	0	0	**497**	0	497	0	0	0	**497**
A54 / A533 Leadsmithy Street, Middlewich	174	389	0	0	0	**389**	0	389	0	0	0	**389**
A556 Knutsford to Bowdon	366	40	98	0	0	**138**	0	138	0	0	0	**138**
A6 MARR CMM Disley	1,661	61	0	0	0	**61**	0	7	0	0	54	**61**
A6 MARR CMM Handforth	617	184	400	0	0	**584**	101	48	0	0	434	**584**
A6 MARR Technical Design	323	150	0	0	0	**150**	17	133	0	0	0	**150**
Congleton Link Road	73,017	2,457	6,040	2,915	4,014	**15,426**	0	12,437	0	0	2,989	**15,426**
Crewe Green Roundabout	7,063	50	190	197	0	**437**	0	437	0	0	0	**437**
Flowerpot Phs 1 & Pinchpoint	1,631	2,631	3,510	2,265	0	**8,406**	1,944	726	0	0	5,736	**8,406**
Future High Streets Fund - Highways	1,415	2,198	2,251	304	0	**4,753**	4,640	113	0	0	0	**4,753**
Highway S106 Schemes	245	549	168	0	0	**717**	10	707	0	0	0	**717**
Infrastructure Scheme Development	0	250	0	0	0	**250**	250	0	0	0	0	**250**
Middlewich Eastern Bypass	22,982	11,091	13,817	43,268	0	**68,176**	39,973	14,645	0	0	13,558	**68,176**
North-West Crewe Package	20,490	14,758	3,445	3,658	0	**21,861**	7,374	2,631	0	1,730	10,126	**21,861**
Old Mill Road / The Hill Junction	185	1,139	0	0	0	**1,139**	0	1,139	0	0	0	**1,139**
Peacock Roundabout Junction	0	250	500	0	0	**750**	0	750	0	0	0	**750**
Poynton Relief Road	45,872	46	1,355	5,385	0	**6,785**	0	5,740	0	0	1,046	**6,785**
Sydney Road Bridge	10,113	50	140	198	0	**388**	0	388	0	0	0	**388**
Total Strategic Infrastructure Schemes	**197,125**	**38,265**	**59,054**	**108,163**	**4,014**	**209,496**	**105,991**	**45,225**	**0**	**1,730**	**56,550**	**209,496**
												0
Highways												
A532 Safer Road Fund Scheme	648	575	0	0	0	**575**	476	0	0	0	99	**575**
A536 Safer Road Fund Scheme	2,060	344	0	0	0	**344**	250	0	0	0	94	**344**
Alderley Edge Bypass Scheme Implementation	60,464	147	0	0	0	**147**	0	0	0	0	147	**147**
Managing and Maintaining Highways	440	4,529	4,619	4,712	0	**13,860**	0	0	0	0	13,860	**13,860**
Traffic Signs and Bollards - LED Replacement	1,025	225	0	0	0	**225**	0	0	0	0	225	**225**
Winter Service Facility	609	130.00	130.00	130.00	0	**390**	0	0	0	0	390	**390**
Total Highways Schemes	**65,246**	**5,950**	**4,749**	**4,842**	**0**	**15,541**	**726**	**0**	**0**	**0**	**14,815**	**15,541**

CAPITAL PROGRAMME 2023/24- 2026/27

Scheme Description	Forecast Expenditure						Forecast Funding					
	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes												
Strategic Transport & Parking Services						0	0	0	0	0		**0**
Car Parking Improvements (including residents parking)	292	30	0	0	0	**30**	0	0	0	0	30	**30**
Digital Car Parking Solutions	93	47	0	0	0	**47**	0	0	0	0	47	**47**
On-street Residential Charging	50	205	0	0	0	**205**	105	0	0	0	100	**205**
Pay and Display Parking Meters	539	41	40	0	0	**81**	0	0	0	0	81	**81**
Sustainable Travel Access Prog	2,111	1,312	0	0	0	**1,312**	765	309	0	0	238	**1,312**
Total Strategic Transport & Parking Services Schemes	**3,085**	**1,636**	**40**	**0**	**0**	**1,676**	**870**	**309**	**0**	**0**	**496**	**1,676**
HS2 Programme												
Crewe HS2 Hub Project Development	8,661	1,500	2,540	0	0	**4,040**	0	0	0	0	4,040	**4,040**
Total HS2 Schemes	**8,661**	**1,500**	**2,540**	**0**	**0**	**4,040**	**0**	**0**	**0**	**0**	**4,040**	**4,040**
Total Committed Schemes	**274,117**	**47,351**	**66,382**	**113,005**	**4,014**	**230,752**	**107,588**	**45,534**	**0**	**1,730**	**75,901**	**230,752**
New Schemes												
Highways												
Pothole Funding	0	5,799	5,799	5,799	5,799	**23,196**	23,196	0	0	0	0	**23,196**
Integrated Block - LTP	0	2,003	2,003	2,003	2,003	**8,012**	8,012	0	0	0	0	**8,012**
Maintenance Block - LTP	0	7,345	7,609	7,878	5,799	**28,632**	23,196	0	0	0	5,436	**28,632**
Incentive Fund - LTP	0	1,450	1,450	1,450	1,450	**5,800**	5,800	0	0	0	0	**5,800**
Total Highways New Schemes	**0**	**16,597**	**16,861**	**17,130**	**15,051**	**65,640**	**60,204**	**0**	**0**	**0**	**5,436**	**65,640**
Total Highways & Transport Schemes	**274,117**	**63,948**	**83,244**	**130,135**	**19,065**	**296,392**	**167,792**	**45,534**	**0**	**1,730**	**81,337**	**296,392**

Annex B: Prudential Indicators revisions to: 2022/23 and 2023/24 – 2026/27

Background

10.104 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. There is a requirement to monitor and report the performance of the indictors on a quarterly basis during the financial year.

Estimates of Capital Expenditure

10.105 In 2023/24, the Council is planning capital expenditure of £214.7m as summarised below:

Capital Expenditure	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
	130.4	214.7	198.3	239.0	31.4

Source: Cheshire East Finance

Capital Financing

10.106 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	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Receipts	0.0	3.3	1.0	31.5	1.0
Government Grants	65.7	115.1	117.4	69.3	19.7
External Contributions	17.3	16.8	20.9	56.5	9.9
Revenue Contributions	0.7	0.4	0.0	0.0	0.0
Total Financing	**83.7**	**135.6**	**139.3**	**157.3**	**30.6**
Prudential Borrowing	46.7	79.1	59.0	81.7	0.8
Total Funding	**46.7**	**79.1**	**59.0**	**81.7**	**0.8**
Total Funding and Financing	**130.4**	**214.7**	**198.3**	**239.0**	**31.4**

Source: Cheshire East Finance

Replacement of debt finance

10.107 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	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Total	**15.3**	**17.5**	**20.1**	**22.7**	**23.4**

Source: Cheshire East Finance

10.108 The Council's full MRP Statement is available in **Annex C**.

Estimates of Capital Financing Requirement

10.109 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £58m during 2023/24. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Capital Financing Requirement	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Total	**448**	**506**	**538**	**595**	**568**

Source: Cheshire East Finance

Asset disposals

10.110 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 for example. The Council is currently also permitted to spend capital receipts on service transformation project until 2024/25. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.8m of capital receipts in the coming financial years as follows.

Capital Receipts	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Asset Sales	3.0	1.0	1.0	1.0	1.0
Loans Repaid	0.2	0.2	0.2	0.2	0.2
Total	**3.2**	**1.2**	**1.2**	**1.2**	**1.2**

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

10.111 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 cheaper short-term loans (currently available at around 3.5%) and long-term fixed rate loans where the future cost is known but higher (currently 4.2% – 4.5%).

10.112 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are show below, compared with the capital financing requirement.

Gross Debt and the Capital Financing Requirement	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Borrowing	123	77	77	77	77
Finance Leases	0	0	0	0	0
PFI Liabilities	19	18	17	17	15
Total Debt	**142**	**95**	**94**	**94**	**92**
Capital Financing Requirement	**448**	**506**	**538**	**595**	**568**

Source: Cheshire East Finance

10.113 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

10.114 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 £222m and is forecast to rise to £401m over the next four years.

Borrowing and the Liability Benchmark	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Outstanding Debt	123	77	77	77	77
Liability Benchmark	222	312	354	420	401

Source: Cheshire East Finance

10.115 The table shows that the Council expects to remain borrowed below its liability benchmark.

Affordable borrowing limit

10.116 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.

	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m
Authorised Limit for Borrowing	440	500	535	590	565
Authorised Limit for Other Long-Term Liabilities	19	18	17	17	15
Authorised Limit for External Debt	**459**	**518**	**552**	**607**	**580**
Operational Boundary for Borrowing	430	490	525	580	555
Operational Boundary for Other Long-Term Liabilities	19	18	17	17	15
Operational Boundary for External Debt	**449**	**508**	**542**	**597**	**570**

Source: Cheshire East Finance

Investment Strategy

10.117 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.

10.118 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	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Short-term	20	20	20	20	20
Long-term	20	20	20	20	20
Total Investments	**40**	**40**	**40**	**40**	**40**

Source: Cheshire East Finance

10.119 Further details on treasury investments are in the Treasury Management Strategy, **Annex 11**.

10.120 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 Finance Sub-Committee as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

10.121 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Annex 12**.

Revenue budget implications

10.122 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, or in other words, the amount funded from Council Tax, business rates and general Government grants.

Ratio of Financing Costs to Net Revenue Stream	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Financing Costs (£m)	19.0	19.0	20.0	21.0	22.0
Proportion of net revenue stream (%)	5.8%	5.4%	5.4%	5.5%	5.6%

Source: Cheshire East Finance

10.123 Further details on the revenue implications of capital expenditure are on paragraphs 112-129 of the 2023-2027 Medium-Term Financial Strategy (**Appendix C**).

10.124 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable. The longer term revenue implications have been considered and built into the revenue budget forecasts post the period of the current Medium-Term Financial Strategy.

Annex C: Minimum Revenue Provision

10.125 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Levelling Up, Housing and Communities' *Guidance on Minimum Revenue Provision* (the DLUHC Guidance) most recently issued in 2018.

10.126 The broad aim of the DLUHC Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

10.127 The DLUHC Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the guidance.

- For capital expenditure incurred before 1 April 2008 and for supported capital expenditure incurred on or after that date, MRP will be charged at 2% annuity rate over a 50-year period.
- For capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, as the principal repayment on an annuity rate of 2%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

  (Option 3 in England and Wales)
- For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

10.128 Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25.

Annex D: Flexible Capital Receipts Strategy 2023/24

10.129 The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

10.130 The Spending Review in 2015 included a relaxation to the capital regulations by allowing Council's to use their capital receipts (income from the sale of assets) for a limited period initially from 2016/17 to 2018/19 to fund revenue expenditure that is designed to transform service delivery and reduce revenue costs. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations apply have now been extended to the financial year 2024/25.

10.131 The guidance states that qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public

10.132 Local authorities cannot borrow to finance the revenue costs of the service reforms.

10.133 The type of expenditure that will be allowed under the flexibility are the up-front set up and implementation costs that will generate the future ongoing revenue savings and/or service transformation to reduce revenue costs and improve service delivery.

10.134 In allowing the Council to use this flexibility, the Council must have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of practice.

10.135 There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and

Corruption Strategy – this could include an element of staff training;

- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
- Integrating public facing services across two or more public sector bodies (for example children's social care or trading standards) to generate savings or to transform service delivery.

10.136 The Council has a number of projects that have been identified in 2023/24 that fit the criteria prescribed in the Guidance for transforming and or improving service delivery that will reduce revenue costs by producing efficiency savings for the Council. The table below details the lists of projects and the value of capital receipt to be utilised.

Table 1: List of projects funded by flexible capital receipts

Project Name	Project Description	Expenditure Prior Years £000s	Expenditure 2023/24 £000s
ICT Hybrid Model	This project is to update the delivery of the ICT Shared Service Model which should make efficiency savings and improve service delivery for both councils.	0	390
Cheshire East Service Transformation Programme	This programme is a group of projects across the Council's four Directorates to deliver improved service delivery through efficiency and revenue savings.	0	610
Total		**0**	**1,000**

10.137 As it is the Council's policy not to rely on capital receipts until they are realised, these capital receipts have not been factored in to the Councils Capital Financing Requirement (CFR) by way of reducing debt or financing capital expenditure. Consequently, the use of the receipts under this flexibility will have no effect on the Council's Prudential Indicators.

11. Treasury Management Strategy

1. Background

11.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

11.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

11.3 In preparing this strategy the Council has had regard to the advice received from its appointed Treasury Management advisors, Arlingclose Ltd who have helped shape the content of this strategy. The current contract for advice is for four years expiring on 31 December 2025.

11.4 Investments held for service purposes or for commercial profit are considered in the Investment Strategy (see **Annex 12**).

2. External Context

11.5 **Economic background:** The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

11.6 The Bank of England Base Rate (Bank Rate) increased by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021. The decision was voted for by a 7-2 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for a 0.50% rise and the other for just a 0.25% rise.

11.7 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with Consumer Price Index (CPI) inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected to remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

11.8 The UK economy grew by 0.2% between April and June 2022, but the Bank of England (BoE) forecasts Gross Domestic Product (GDP) will decline by 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

11.9 CPI is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%. However, the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target.

11.10 The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.5%, driven mostly by a shrinking labour force. Earnings were up strongly in nominal terms by 6% for total pay and 5.4% for regular pay but factoring in inflation means real total pay was -2.4% and regular pay -2.9%. Looking forward, the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

11.11 Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.75% in November 2022 to 3.75%-4.0%. This was the fourth successive 0.75% rise in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 8%. GDP grew at an annualised rate of 2.6% between July and September 2022, a better-than-expected rise, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

11.12 Inflation has been rising consistently in the Euro Zone since the start of the year, hitting an annual rate of 10.7% in

October 2022. Economic growth has been weakening with an expansion of just 0.2% in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.75% in October, the third major increase in a row, taking its main refinancing rate to 2% and deposit facility rate to 1.5%.

11.13 **Credit outlook:** Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

11.14 The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.

11.15 There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

11.16 **Interest rate forecast:** The Authority's treasury management adviser, Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

11.17 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

11.18 Yields are expected to remain broadly at current levels over the medium-term, with 5, 10 and 20-year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the three year period to September 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

11.19 A more detailed economic and interest rate forecast provided by Arlingclose Ltd is attached at **Annex A**.

11.20 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 4.60%, which takes into account strategic fund investments, and that new borrowing in the form of short-term loans will be borrowed at an average of 4.00%.

3. Local Context

11.21 As at 28 November 2022 the Authority currently has borrowings of £225m and treasury investments of £87m. This is set out in further detail at **Annex B.** Forecast changes in these sums are shown in the balance sheet analysis in **Table 1**.

Table 1: Balance Sheet Summary and Forecast

	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
General Fund CFR	448	506	538	595	568
Less: Other long-term liabilities *	(19)	(18)	(17)	(17)	(15)
Loans CFR	**429**	**488**	**521**	**578**	**553**
Less: External borrowing **	(123)	(77)	(77)	(77)	(77)
Internal (over) borrowing	**306**	**411**	**444**	**501**	**476**
Less: Usable reserves	(147)	(122)	(114)	(109)	(103)
Less: Working capital	(80)	(75)	(73)	(71)	(69)
Treasury Investments (or New borrowing)	**(79)**	**(214)**	**(257)**	**(321)**	**(304)**

* PFI liabilities that form part of the Authority's debt
** shows only loans to which the Authority is committed and excludes optional refinancing

11.22 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

11.23 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £124m over the forecast period.

11.24 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority expects to comply with this recommendation during 2023/24.

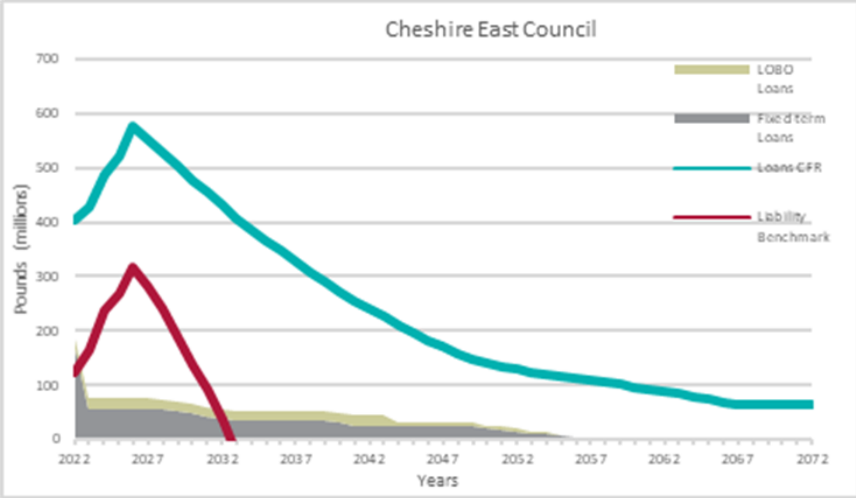
11.25 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as **Table 1** above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

Table 2: Liability Benchmark

	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
Loans CFR	429	488	521	578	553
Less: Usable reserves	(147)	(122)	(114)	(109)	(103)
Less: Working capital	(80)	(75)	(73)	(71)	(69)
Plus: Minimum investments	20	20	20	20	20
Liability Benchmark	**222**	**311**	**354**	**418**	**401**

11.26 Following on from the medium-term forecasts in **Table 2** above, the long-term liability benchmark assumes minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 3.0% a year. This is shown in **Chart 1** below.

Chart 1: Liability Benchmark Chart



4. Borrowing Strategy

11.27 The Authority currently holds loans of £225m. Cash flow shortfalls arising from past debt repayments and capital spending are currently being funded through cheaper short-term borrowing. The Authority may also borrow additional sums to pre-fund future years' requirements providing this does not exceed the authorised limit for borrowing although at the present time we are not expecting to do this.

11.28 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

11.29 Given the significant cuts to public expenditure and in particular to Local Government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to use both internal resources and to borrow short-term loans instead.

11.30 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Our treasury advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

11.31 The Authority will consider sources other than PWLB when raising long-term loans including banks, pension funds and Local Authorities and will investigate the possibility of issuing bonds and similar instruments in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

11.32 Alternatively, the Authority may arrange forward starting loans during 2023/24, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

11.33 In addition, the Authority may borrow further short-term loans to cover unexpected or planned temporary cash flow shortages.

11.34 The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB Lending facility (formerly the Public Works Loan Board)
- Any UK public sector body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK

- UK public and private sector pension funds (except Cheshire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Salix Finance Ltd energy efficiency loans

11.35 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

11.36 **Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

11.37 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2023/24, and with interest rates having risen recently, there is now a reasonable chance that the lender will exercise their option. If they do, the Authority will take the option to repay the LOBO loans to reduce refinancing risk in future years.

11.38 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

11.39 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

5. Treasury Investment Strategy

11.40 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £28m and £113m with peaks in cash associated with receipts of grants in advance of expenditure and earlier borrowing decisions based on anticipated levels of expenditure which did not materialise. Levels of around £40m are expected to be maintained in the forthcoming year.

11.41 The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

11.42 As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will, therefore, be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of £20m strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

11.43 The CIPFA code does not permit local authorities to both borrow and invest long-term for cash flow management. However, the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

11.44 **ESG Policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and, therefore, the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code. In the past year the Authority has moved some of the Money Market Fund investments into a HSBC fund which prioritises ESG credentials.

11.45 Under the new IFRS9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

11.46 The Authority may invest its surplus funds with any of the counterparties in **Table 3** below, subject to the cash limits (per counterparty) and time limits shown.

Table 3: Treasury Investment Counterparties and Limits

Sector	Time Limit	Counterparty Limit	Sector Limit
UK Government	3 years	Unlimited	n/a
Local Authorities and other Government Entities	3 years	£12m	Unlimited
Secured Investments*	3 years	£12m	Unlimited
Banks (unsecured)*	13 months	£6m	Unlimited
Building Societies (unsecured)*	13 months	£6m	£12m
Registered Providers (unsecured)*	3 years	£6m	£25m
Money Market Funds*	n/a	£12m	Unlimited
Strategic Pooled Funds	n/a	£12m	£50m
Real Estate Investment Trusts	n/a	£12m	£25m
Other investments*	3 years	£6m	£12m

This table must be read in conjunction with the notes below.

11.47 *** Minimum Credit Rating:** Treasury Investments in sectors marked with an Asterix will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

11.48 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

11.49 **Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

11.50 **Banks and Building Societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

11.51 **Registered Providers (unsecured):** Loans to, and bonds issued or guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving Government support if needed.

11.52 **Money Market Funds:** Pooled funds that offer same day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risk, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

11.53 **Strategic Pooled Funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short-term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

11.54 **Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

11.55 **Other Investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

11.56 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to the lowest practical levels per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

11.57 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

11.58 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

11.59 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential Government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management advisor. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

11.60 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This may cause investment returns to fall but will protect the principal sum invested.

11.61 **Investment Limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £147m on 31 March 2023. In order that no more than 5% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £6m. Secured investments will have a higher limit of £12m per organisation. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional Investment Limits

Type of Counterparty	Cash Limit
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£12m per country

11.62 **Liquidity management:** The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

6. Treasury Management Indicators

11.63 The Authority measures and manages its exposures to treasury management risks using the following indicators.

11.64 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% **rise** in interest rates	£740,000
Upper limit on one-year revenue impact of a 1% **fall** in interest rates	£0

11.65 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates. The Council is expected to remain a net borrower in 2023/24 so a fall in rates would lead to savings rather than incurring additional cost.

11.66 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper	Lower
Under 12 months	75%	0%
12 months and within 24 months	75%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

11.67 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 the shorter periods is relatively high as there is no shortage of liquidity in the market and short-term funding remains cheaper than alternatives. This will enable the Council to finance temporary cashflow shortfalls at year-end more economically. This will be kept under review as it does increase the risk of higher financing costs in the future.

11.68 **Long-Term Treasury Management Investments:** 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 prudential limits on the long-term treasury management investments will be:

Price Risk Indicator	2023/24	2024/25	2025/26	No Fixed Date
Limit on principal invested beyond year-end	£25m	£15m	£10m	£30m

11.69 Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

11.70 The Authority has not adopted the voluntary measures disclosures on security of investments or liquidity.

11.71 Security of investments can be measured by the credit rating assigned to the counterparty but for many of our investments (principally other Local Authorities and strategic high yielding funds) there are no assigned credit ratings. Also, the credit rating assigned to Money Market Funds is typically AAA, but the underlying investments are considerably lower. Any measure adopted would therefore add little value.

11.72 Liquidity is a self-imposed measure generally on the minimum value of funds which the Council must keep as being immediately available in order to meet unexpected payments. Alternatively, a measure linked to borrowing may be considered. In practice the Council's cash varies throughout the year meaning that at certain times the focus of liquidity is on investments and at other times on borrowing. Setting a minimum amount to hold for liquidity purposes may mean that the Council has to borrow unnecessarily to cover short periods. For example, if a liquidity limit of £10m is set and cash is predicted to fall to say £4m for a few days we would have to borrow the additional £6m usually at a slightly higher cost than we receive for investment due to commissions payable. In the unlikely event that an unexpected payment would result in a need to borrow then availability of funds from inter LA markets is high, and borrowing would be limited to need. Cash flow forecasting is carried out daily thereby allowing any borrowing to be planned and limited to need.

7. Other Items

11.73 The CIPFA code requires the Authority to include the following in its treasury management strategy.

11.74 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (for example, interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (such as LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (meaning those that are not embedded into a loan or investment).

11.75 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

11.76 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

11.77 In line with the CIPFA code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

11.78 **External Funds:** The Authority acts as the accountable body for Cheshire & Warrington Local Enterprise Partnership (CW LEP) and for the Cheshire & Warrington Development Ltd Partnership (Evergreen Fund). The Council holds significant cash balances on their behalf prior to expenditure which is either invested short-term or has reduced the need for external borrowing. For CW LEP, the Authority shares the interest benefit based on an agreed method for each fund which is either the average rate achieved on the Councils in-house (non-strategic) investments or an agreed market indicator rate. Surplus Evergreen Fund balances are required to be invested by the fund so the Council acts as a borrower with an agreed variable interest rate based on the average rate achieved on the Councils in-house (non-strategic) investments.

11.79 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services including advisers, banks, brokers and fund managers, allowing it to access a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, this seems to be the most appropriate status.

Annex A: Economic and Interest Rate Forecast

Underlying assumptions:

- UK interest rate expectations have eased following the mini-budget, with a growing expectation that UK fiscal policy will now be tightened to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower, although the path for interest rates and gilt yields remain highly uncertain.

- Globally economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates and tighten economies into recession.

- The new chancellor dismantled the mini-budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.

- The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The short- to medium-term outlook for the UK economy is bleak, with the BoE projecting a protracted recession.

- Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.

- Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.

- However, in a departure from Fed and ECB policy, in November the BoE attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium-term. This did not stop the Governor affirming that there will be further rises in Bank Rate

Forecast:

- The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets.

- Following exceptional 75bp rise in November, Arlingclose believes the MPC will slow the rate of increase at the next few meetings. Arlingclose now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.

- The UK likely entered into recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.

- Arlingclose expects gilt yields to remain broadly steady despite the MPC’s attempt to push down on interest rate expectations.

Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.

- Gilt face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales will maintain yields at a higher level than would otherwise be the case.

Treasury Advisor, Arlingclose Ltd, 3 Year Interest Rate Forecast

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.50	3.50	3.50
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.90	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.75	3.75	3.75
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.36	3.65	3.90	3.90	3.90	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.70	3.75	3.75	3.75	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.88	4.00	4.00	4.00	4.00	4.00	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.24	3.40	3.40	3.40	3.40	3.40	3.30	3.30	3.30	3.30	3.30	3.30	3.30
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB certainty rate = relevant gilt yield + 0.80%

Annex B: Existing Investment and Debt Portfolio Position

	28/11/2022 Actual Portfolio £m	28/11/2022 Average Rate
External Borrowing:		
Local Authorities	123	1.25%
PWLB - Fixed Rate	60	4.53%
LOBO Loans	17	4.63%
Other	5	2.08%
Total External Borrowing	**205**	**2.61%**
Other Long-Term Liabilities:		
PFI	20	-
Total Gross External Debt	**225**	**-**
Treasury Investments:		
Managed in-house		
Short-term investments		
Instant Access	54	2.92%
Fixed Term Deposits	13	2.74%
Managed externally		
Property Fund	8	4.31%
Multi Asset Fund	5	6.35%
Equity Fund	2	7.66%
Global Income Fund	4	5.85%
Corporate Bond Fund	1	2.90%
Total Investments	**87**	**3.46%**
Net Debt	**138**	**-**

12. Investment Strategy

1. Purpose

12.1 The purpose of the Investment Strategy is to:

- set out the Council's approach to managing investments
- establish financial limits for various classifications of investment
- recognise the role and responsibilities of the Finance Sub-Committee and its position as the main conduit through which investment opportunities should be considered

12.2 The definition of an **investment** covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

12.3 The Council has a Capital Strategy (prepared in line with the requirements of the Prudential Code); and a Treasury Management Strategy (prepared in line with the requirements of the Treasury Management Code) – relevant disclosures are made within each document.

12.4 Consequently, this Investment Strategy is part of a suite of related documents and focuses predominantly on matters not covered by the Capital Strategy and Treasury Management Strategy.

Statutory Background

12.5 On 2 February 2018 the Department for Levelling Up, Housing and Communities (DLUHC) (formerly MHCLG) published updated statutory guidance on capital finance, in respect of Local Government investments and the minimum revenue provision. The guidance may be found at: https://assets.publishing.service.gov.uk/

12.6 The guidance was issued to reflect concerns raised by government over patterns of local authority behaviour particularly with respect to the exponential increase in borrowing to invest in commercial properties and other investments where a return was a primary aim. There was concern that local authorities were being exposed to high levels of financial risk through borrowing and investment decisions and that could have a detrimental impact on services if investments did not perform as expected. The requirement to produce this annual Investment Strategy, to be approved by Full Council, was an attempt to recognise this and ensure that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.

12.7 In the November 2020 Autumn Statement the Chancellor of the Exchequer went further and effectively prohibited the future purchase of commercial assets primarily for generating yield. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) would not advance any lending to the Authority. It is clear therefore that yield should be an incidental, rather than the principal factor, in any future decision to acquire an investment asset.

12.8 2021 saw regulators continue this direction of travel to strengthen and codify the rules around commercial assets and borrowing for yield. In December 2021 CIPFA issued a revised Prudential Code which placed further limitations on the ability of Local Authorities to borrow and invest.

12.9 The new Code incorporated updated and revised content in respect of Authorities not borrowing more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. It strengthened previous guidance that authorities "must not borrow to invest primarily for financial return". This included any form of borrowing whether it be public or private sector. In addition, it included proportionality as an objective in the Prudential Code; and further provisions were included so that an Authority considered an assessment of risk to levels of resources.

12.10 The code is clear to make the distinction between the normal activities that a Council should undertake and those which will expose it to greater risk and uncertainty. Three investment categories have been recognised and they are reflected in this Authority's definition and presentation of investment information.

12.11 It has been the need to diversify and grow revenue income sources to meet growing service pressures and the availability of cheap borrowings that has fuelled the growth in local authority investments. The last year has seen the investment decisions of several local authorities come under scrutiny along with some high-profile failures. These have vindicated the regulators cautionary approach and reinforced to stakeholders that investments come with risk and real consequences when they go wrong.

12.12 More than ever Members need to ensure that they are fully informed and capable of making decisions on investments particularly in areas that are far removed from normal Council activities and area of expertise.

Introduction

12.13 The Authority invests its money for three broad purposes, and these are reflected in the revised Prudential Code:

1. because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
2. to support local public services by lending to or buying shares in other organisations (**service investments**), and
3. to earn investment income (known as **commercial investments** where this is the main purpose).

12.14 Often there may be a crossover of purposes for investments within the Authority. Whilst a return may be a by-product of an investment this is rarely the overriding reason for making or retaining an investment. It will normally be linked to other long term strategic or regeneration factors.

12.15 This Investment Strategy meets the requirements of the statutory guidance issued by DLUHC in February 2018 and focuses on the second and third of the above categories.

2. Investment Indicators

12.16 The Authority has set the following quantitative indicators to allow elected Members and the public to assess the Authority's total risk exposure arising from its investment decisions.

12.17 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 1: Total investment exposure in £'000

Total investment exposure	31/03/22 Actual	31/03/23 Forecast	31/03/24 Forecast
Treasury management investments	54,300	40,000	40,000
Service investments: Loans	6,733	6,760	6,740
Service investments: Shares	2,610	2,610	2,610
Commercial investments: Property	28,588	28,588	28,588
Commercial Investments: Loans	8,271	3,776	3,776
TOTAL INVESTMENTS	**100,502**	**81,734**	**81,714**
Commitments to lend	2,418	6,097	6,097
TOTAL EXPOSURE	**102,920**	**87,831**	**87,811**

12.18 The Council has total investments exposure estimated at £87.8m by March 2023 (£47.8m excluding treasury management), of which £28.5m relates to property investment backed by physical assets with an income stream and alternative use. Other investments are loans for economic development purposes; and due to their nature, they are not a material element of our budgeting for interest income within the MTFS.

12.19 **How investments are funded:** Currently the Authority's investments are largely funded by usable reserves and income received in advance of expenditure. Prudential borrowing is being used in limited circumstances and performance is closely monitored.

Table 2: Investments funded by borrowing in £'000

Investments funded by borrowing	31/03/22 Actual	31/03/23 Forecast	31/03/24 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	21,517	20,810	20,088
Commercial Investments: Loans	8,000	3,776	3,776
TOTAL FUNDED BY BORROWING	**29,517**	**24,586**	**23,864**

12.20 **Rate of return received:** In part this indicator shows, for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the nature of the local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 3: Investment rate of return (net of all costs)

Investments net rate of return	2021/22 Actual	2022/23 Forecast	2023/24 Forecast
Treasury management investments	2.13%	2.70%	2.20%
Service investments: Loans	-3.00%	-7.51%	0.25%
Service investments: Shares	NIL*	NIL*	NIL*
Commercial investments: Property	2.95%	3.15%	3.20%
Commercial Investments: Loans	3.20%	3.16%	3.13%

12.21 The return for Service Investments: Loans is not a true return but is instead based largely on the % fluctuation in the underlying value of the new assets within the Life Science Fund. As such they do not reflect actual cashflows. If Life Science was excluded the 2022/23 forecast figure was 5.32% - after excluding a non-interest bearing loan.

12.22 Historically we have shown the % movement in the carrying value of our shareholding in Alderley Park Holdings Limited as a return within the category Service Investments: Shares. However, this is not a real return or cashflow. Typically, a return on a share would be based upon the dividend yield and there have been no dividends paid. Therefore, this has now been shown as Nil. There has been a downward revaluation of property assets at Alderley Park which has impacted the underlying asset value. We will continue to monitor for signs of recovery, but the asset value remains more than the Authority paid for the shares.

12.23 The major assets included within Commercial Investments: Properties, representing over 90% of the value in that classification, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on ‘bricks and mortar retail’, the Council will only experience an impact on its Revenue Account if a site becomes vacant for a prolonged period or is subject to a (lower) rent review.

12.24 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both have thus far weathered the local economic effects of the past three years though we might expect further reductions in asset value in this financial year.

12.25 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. Overall returns are affected by the fact that returns for one of the sites is reduced by the costs required to repay borrowing. Additionally, across other properties occupancy and rents received appear to be recovering from the falls seen during Covid-19 though associated costs have risen. These are under review.

12.26 The Commercial investments: Loans are at the expected level of return given the rates in place when they were established.

3. Treasury Management Investments

12.27 The Authority typically receives its income, such as taxes and grants, before it pays for expenditure such as through payroll and invoices. It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, can lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

12.28 The Constitution of the Authority delegates the power to manage and make Treasury Management Investments to the Section 151 Officer via the Treasury Management Strategy.

12.29 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

12.30 **Further details:** Full details of the Authority's policies and plans for 2023/24 for treasury management investments are covered in the separate Treasury Management Strategy (**Appendix 11**).

4. Service Investments: Loans

12.31 **Contribution:** The Council lends money to other organisations to support local public services and stimulate economic growth. These are shown below in Table 4. No new loans were issued in the year though there were movements on existing loans.

12.32 Interest bearing loans have been provided to Everybody Health & Leisure Trust (Everybody) for the purpose of investing in new equipment, with the aim of increasing the usage of leisure facilities and improving the health of residents. These are included within the Local Charities category.

12.33 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. To retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and interest free loan. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.

12.34 In addition, the Council has committed to investing £5m (and has lent £4.9m as at December 2022) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners in the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership and Alderley Park Holdings Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire & Warrington areas, which includes Alderley Park where the Fund is based.

12.35 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. The GM Life Science Fund is "revalued" on an annual basis based upon the net asset valuation of the Fund and this can lead to short term fluctuations in the notional returns of this loan category. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallise when funds are extracted. The Authority has decided against committing new funds to a follow up fund for the time being.

12.36 Only the Everybody loans are interest bearing and are reflected in the “Local Charities” category. These are accrued at a rate of Bank of England base rate plus 4%.

12.37 The Council may consider making further Service Investment Loans in 2023/24, subject to business cases and where the balance of security, liquidity and yield have been considered as part of robust risk assessment.

12.38 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as per Table 4.

Table 4: Loans for service purposes in £’000

Category of borrower	31/03/22 Actual £000	31/03/23 Forecast £000	31/03/23 Forecast £000	31/03/23 Forecast £000	2023/24 £000
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	23	24	1	23	500
Local businesses	6,043	6,447	70	6,377	30,000
Local charities	515	289	42	247	2,500
TOTAL	**6,581**	**6,760**	**113**	**6,647**	**35,000**

12.39 Accounting standards require the Authority to set aside loss allowances for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority’s Statement of Accounts are shown net of this loss allowance. The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Rather, the allowance represents a prudent accounting treatment required by CIPFA guidance. The Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

12.40 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans. Each application for a loan requires completion of a business case. This is followed by a process of due diligence taking into account creditworthiness and financial standing and the Council's corporate objectives. External advisors are used where appropriate, dependent on materiality and scope of the loan arrangement. Each application is considered on a case by case basis.

12.41 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is also contracting party to loans provided to organisations from the Growing Places Fund. This £12m Fund was established with Government grants and is "owned" by the Local Enterprise Partnership; consequently, these investments are not made using Cheshire East's resources and are not reflected in the table above, as regards investments made, or affecting upper limits of lending.

5. Service Investments: Shares

12.42 **Contribution:** The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth.

12.43 As noted above, the Authority has invested in Alderley Park Holdings Limited to maintain and stimulate this key strategic industry of life sciences within the borough. Cheshire East is a 10% shareholder in Alderley Park and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (39% shareholder).

12.44 This should be seen as a long-term strategic investment. There have been no dividend returns and any changes in % returns have been based upon the change in value of our share of the underlying assets which will fluctuate as the site continues its transition from a single user to a multiuser campus. In line with the commercial property sector, the internal valuation of our stake has fallen (i.e., reduction in net asset value) in the last three years, due in large part to the general fall in value of property-based companies. However, the following observations should be noted:

12.45 The valuation (see Table 5) is still greater than the purchase price and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place. We expect valuations to improve in the future.

12.46 The reduction in value largely arises from accounting transactions/ re-valuations. A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake. This is not currently under consideration. As it is a long-term strategic asset there is ample time for the sector to recover.

12.47 The Council also has shares in its subsidiary, wholly owned companies. However, they are of nominal value, and the share values are not considered material in the context of this Investment Strategy.

12.48 As reflected in this strategy a key objective of future investments will be to generate a return to benefit the Council's Revenue Account. However, the Council may consider acquiring shares in companies if there is a compelling business case demonstrating strong potential for growth in capital value.

12.49 **Security:** One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. To limit this risk, upper limits on the sum invested in each category of shares have been set.

Table 5: Shares held for service purposes in £'000

Category of company	31/03/22 actual £000	31/03/23 forecast £000	31/03/23 forecast £000	31/03/23 forecast £000	2023/24 £000
	Value in accounts	Amounts invested	Total Gains/ (Losses)	Value in accounts	Approved Limit (at cost)
Local businesses	2,610	1,070	1,540	2,610	10,000
TOTAL	**2,610**	**1,070**	**1,540**	**2,610**	**10,000**

12.50 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and being part of the entities' governance arrangements, having a seat on the Board, and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

12.51 **Liquidity:** With regard to the existing equity stake in Alderley Park, it was deemed to be a long-term investment, supporting a business and site development plan through to at least 2025. As described above, regular monitoring and receipt of updated business plans will help to inform considerations with regards to the selling of shares; and it is important to note, as a minority shareholder in Alderley Park, that shares must first be offered to other shareholders in those private enterprises (and consequently the prospects for disposing of shares should be seen as good, as evidenced by the sale of shares in Manchester Science Partnerships in 2019).

12.52 In the event of considering whether to make further Service Investments via shares, the Council will consider maximum investment periods on a case-by-case basis, taking into consideration the prospects for funds being accessible when required (e.g. to repay borrowing; or for other capital financing purposes) by making an assessment of liquidity, given the nature of the proposed investment (e.g. the type of organisation; the market in which it operates).

12.53 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

6. Commercial Investments: Property

12.54 For the purpose of this Strategy, it should be noted that DLUHC defines property to be an investment if it is held primarily or partially to generate a profit. To comply with accounting classifications, the Authority includes several assets in Table 6 that might otherwise be excluded as they are not being held to primarily generate a yield or return.

12.55 Central government continues to express concern over the level of commercial investments held by local authorities and the risk that this presents if an authority becomes over exposed. Real world examples are now emerging where this eventuality has come to pass. Changes to the Prudential Code have reinforced opposition to investment in commercial property.

12.56 The government has effectively regulated against the purchase of commercial assets primarily for generating yield. Consequently, there have been no new commercial properties acquired in the year and any future investments will be aligned to normal Council service provision. Whilst this limits the Authority's ability to invest in commercial property for investment purposes, it is recognised that regeneration is a necessary factor which could result in legitimate purchases of such property. Careful attention will need to ensure that yield is an incidental factor in any future decision to invest in a commercial property investment.

12.57 **Contribution:** The Council invests in local commercial property and land, for a number of reasons. The intention of making a profit that will be spent on local public services is largely a by-product and is not the primary reason.

12.58 Historically, the most significant commercial investment acquired by the Authority is land and buildings on the North and East side of Weston Road in Crewe, purchased in April 2019. This accounts for 80% of the net book value in the accounts in this particular asset classification.

12.59 We have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple calculation of yield.

12.60 The value of properties is updated annually. The most recent valuation is from March 2022 and reflect the second year of COVID-19. In the year to March 2021, we noted that the value of retail property held up whilst that of industrial units and enterprise centres was valued downwards. The year to March 2022 saw retail values continue to grow and the other categories have made modest gains. All categories are still valued at more than purchase cost. There has been a reclassification in the year and an office property has been added to the listing as it was deemed appropriate to classify it as an investment asset. This resulted in £533,000 being added to the valuation. * Note that no gain has been deemed to have arisen in the last two years with the gain on the purchase cost occurring in prior years.

Table 6: Property held for investment purposes in £'000

Property	Actual	31/03/22 actual		31/03/23 expected	
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts
Industrial Units	1,492	11	1,740	0	1.740
Enterprise Centres	245	20	340	0	340
Retail	23,300	371	25,975	0	25,975
Office	240	*-	533		533
Total	**25,277**	**402**	**28,588**	**0**	**28,588**

12.61 **Security:** In accordance with Government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

12.62 **Where value in accounts is at or above purchase cost:** A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2022/23 year end accounts preparation and audit process value these properties below their purchase cost, then an updated Investment Strategy will be presented to Full Council detailing the impact of the loss on the security of investments and any revenue consequences arising there from.

12.63 **Where value in accounts is below purchase cost:** The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and the Authority is therefore taking mitigating actions to protect the capital invested. These actions include annually reviewing the Commercial Properties portfolio; and where the fair value is below the original purchase price alternative actions are considered (e.g., changing the use of the asset to earn additional investment income; refurbishing the asset to make it more attractive to the market; or re-purposing the asset for use by the Council as an operational property where services to the public will be provided from). If no alternative service uses are considered viable it will be classed as surplus to requirements and steps will be taken to market the asset for sale to realise a capital receipt.

12.64 **Risk assessment:** The Authority assesses the risk of loss before acquiring and whilst holding property investments by:

- Before entering into any commercial property investment, the Authority assesses the local market conditions, by establishing the supply and demand of the need for a certain type of commercial property investment, what competition currently exists locally, nationally and globally dependent on the type of activity that will take place in the asset (for example retail units, industrial units or residential properties). These decisions are made alongside the expertise, knowledge and market evidence collected from our Economic Development Service.
- The Authority also ensures that when setting rental income on the assets a cost of use and sensitivity analysis is completed, to future proof the running and maintenance costs of the assets so that rents are set at a level where they are competitive in the local market but will also ensure that the income will provide that additional financial security.
- Whilst holding the commercial properties we continually review market prices, look out for changes in the market, and assess the competition.
- The Authority constantly monitors any changes in the political environments, locally, nationally and globally to assess any potential impact on the local rental markets.

12.65 Future investments would be considered in the first instance by the Section 151 Officer supported by other officers. Any final decision would be made by the Finance Sub-Committee. Should any investments be identified then the Section 151 Officer can initiate steps to move funds into the main Capital Programme.

12.66 This Investment Strategy acknowledges that with the introduction of the committee system the role of the Finance Sub-Committee is the body that has the role to consider future investments and make recommendations to Council for ultimate approval of individual investments.

12.67 No new investments are currently anticipated. However, given that significant commercial retail property has been purchased more emphasis will need to be given towards the category of any future investment to ensure that the portfolio is diversified and not overly reliant upon a single sector.

12.68 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority constantly monitors the use of all assets and where there is a market for a particular asset or asset type will look into realising the capital receipt on those assets if it outweighs the long-term benefits of holding the asset for a potential rental stream.

7. Commercial Investments: Loans

12.69 **Contribution:** The Authority has worked alongside Cheshire West and Chester Council and Warrington Borough Council to each provide the Cheshire & Warrington Local Enterprise Partnership (LEP) with a £10m loan facility to be used to invest in economic development schemes across the Enterprise Zones in the sub-region. The existing Strategic Capital Projects budget has been utilised for this purpose.

12.70 The first loans totalling £8m in respect of Alderley Park Glasshouse and Blocks 22-24 were made in December 2020. The purpose is to stimulate economic development, and payback of the loans will be achieved from business rates retained by the LEP under Enterprise Zone regulations. The loan in respect of Blocks 22-24 was repaid in July 2022. Whilst the facility is still available there are no imminent plans to draw down further amounts.

Table 7: Loans for Commercial Purposes in £'000

Category of borrower	31/03/22 Actual	As at 31/03/23 Forecast			2023/24
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Partner Organisations	7,903	3,776	174	3,602	20,000
TOTAL	**7,903**	**3,776**	**174**	**3,602**	**20,000**

12.71 When considering making commercial investment loans, there will always be a Council policy-related objective (e.g., regeneration or economic development) in addition to the objective of financial benefit (yield) to the Council's Revenue Account (i.e., interest received) being greater than the costs to the Revenue Account (e.g. debt financing).

12.72 In considering commercial loan investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed

12.73 **Risk assessment:** The Authority assesses the risk of loss before entering into commercial loans with a thorough due diligence process by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

12.74 Each application for a loan will require completion of a business case. Each loan application is considered on a case by case basis. For commercial loans, the intent is that they will be approved in line with those rules being developed in accordance with Section 10 below. Currently, the approval route will be based upon the source of the funding identified for the Loan.

8. Loan Commitments and Financial Guarantees

12.75 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is acting as Entrusted Entity to a £20m European Regional Development Fund (ERDF)-supported 'Evergreen' Development Fund, which has commenced and is in the process of making distributions from its first £10m drawdown of funding. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.

12.76 The Fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. As such the balances are not included in the investment tables above. The workings of the fund are subject to detailed scrutiny and are managed by a firm of experienced fund managers with a strong track record of providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

9. Proportionality

12.77 A major concern for external governing bodies is the extent to which Authorities are dependent upon investment income to fund services. Proportionality forms a key component of the Prudential Code.

12.78 The Authority is not materially dependent on return-generating investment activity to achieve a balanced revenue budget, in respect of Place Services. Within the Authority the proportion is consistently below 2.5% and is deemed immaterial. Such is the low proportion that it represents, should it fail to achieve the expected net return, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

10. Borrowing in Advance of Need

12.79 Government guidance is that local authorities must not borrow more than, or in advance of their needs purely to profit from the investment of the extra sums borrowed. The Authority follows this guidance. Investments are made to meet the strategic needs of the Authority, its residents and local businesses.

11. Capacity, Skills and Culture

12.80 **Elected Members and Statutory Officers:** Adequate steps are taken to ensure that those elected Members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to consider individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

12.81 The Finance Sub-Committee comprises Members, supported by officers and where necessary, external advisors, provides oversight of the Investment Strategy and acts on recommendations from officers that consider opportunities to enhance the Revenue and Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.

12.82 The Authority continues to identify best practice from across the sector and will incorporate this into the evolving Investment Strategy.

12.83 It is recognised that in order to support decision making there will be a need to engage external advisors from time to time. The Authority has appointed Arlingclose Ltd as treasury management advisors and receives specific advice on investment, debt and capital finance issues. Other consultants, such as property consultants, are engaged as required.

12.84 **Commercial deals:** Steps have been taken to ensure that those negotiating and reporting commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. A team of officers from Place, Finance, Legal, and Procurement are responsible for ensuring that the framework is followed. Where appropriate staff are provided with additional training and up to date skills via CIPFA and other providers.

12.85 **Corporate governance:** Corporate governance arrangements have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values and Constitution.

12.86 The DLUHC requirement to produce an Investment Strategy, approved annually by Full Council is a key component of the corporate governance framework.

12. Glossary of Terms

Investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments,* which are subject to separate regulatory regimes and therefore are not covered by this guidance.
A **credit rating agency** is one of the following three companies: Standard and Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd.
A **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.
Specified Investments An investment is a specified investment if all of the following apply: • The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling • The investment is not a long-term investment (the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option) • The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended]* • The investment is made with a body or in an investment scheme described as high quality; or with one of the following bodies: – i. The United Kingdom Government; – ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or – iii. A parish council or community council • should define high credit quality (definition incorporates ratings provided by credit rating agencies)
The **Treasury Management Code** means the statutory code of practice issued by CIPFA: *"Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition".*
The **Prudential Code** means the statutory code of practice, issued by CIPFA: *"The Prudential Code for Capital Finance in Local Authorities, 2021 Edition".*
The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.

13. Reserves Strategy

Executive Summary

13.1 Cheshire East Council is maintaining adequate reserves for two main purposes:

1. To protect against risk, and;
2. To support investment

13.2 This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns. At present the risks associated with overall changes in Local Government funding, unprecedented inflationary pressures, and the need to invest now to realise returns in the medium-term, increases the importance of holding reserves in the short-term.

13.3 The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.

13.4 The Strategy is revised annually, in line with the process to determine the Council's Budget and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium-term.

13.5 Cheshire East Council's Reserve Strategy was last approved at Council on 24 February 2022.

13.6 The financial review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2023-27 is being reported to Council in February 2023.

13.7 This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

13.8 Reserves levels forecast within this strategy are low, reflecting the ongoing impact of inflation and demand. The Council should therefore aim to assign beneficial financial performance or additional income to reserves in the first instance over the medium-term. This approach aligns to the Corporate Plan and can protect long term service provision at a locally determined level.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

Director of Finance and Customer Services

(Section 151 Officer)

1. Introduction

Types of Reserves

13.9 When reviewing medium-term financial plans and preparing annual budgets the Council considers the management of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

13.10 This represents the non-ring-fenced balance of funds. There are two main purposes of general reserves: to operate as a working balance to manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and to provide a contingency against emerging events or emergencies. The target level of reserves is risk based. General Reserves must be adequate and will increase and decrease as follows:

13.11 Increasing General Reserves

- Planned repayment as set out in the Medium-Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an operating surplus at the close of the financial year, or movement from Earmarked Reserves based on priorities.

13.12 Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.
- Allocation of an operating deficit at the close of the financial year, or movement to Earmarked Reserves based on priorities.

Earmarked Reserves (see Section 3)

13.13 These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves and this Strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

13.14 To assess the adequacy of general reserves, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council therefore adopts formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks are assessed against the Authority's overall approach to risk management.

13.15 There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.

13.16 Setting the level of general reserves is just one of several related decisions in the formulation of the Medium-Term Financial Strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.

13.17 **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.

13.18 These factors can only be assessed properly at a local level. A considerable degree of professional judgement is required. The Section 151 Officer can express advice on the level of balances in cash and / or as a percentage of budget, so long as that advice is tailored to the circumstances of the Authority for that particular year.

13.19 Advice will be set in the context of the Authority's process to manage medium-term financial stability and not focus on short-term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium-Term Financial Strategy.

Table 1: Holding adequate reserves will depend on key Budget Assumptions
• The treatment of inflation and interest rates • Estimates of the level and timing of capital receipts • The treatment of demand led pressures • The treatment of planned efficiency savings / productivity gains • The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments • The availability of other funds to deal with major contingencies and the adequacy of provisions
Financial Standing and management
• The overall financial standing of the Authority (including: level of borrowing, debt outstanding and Council Tax collection rates) • The Authority's track record in budget and financial management including the robustness of the medium-term plans • The Authority's capacity to manage in-year budget pressures • The strength of the financial information and reporting arrangements • The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level • The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

13.20 The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves is undertaken as part of annual budget preparation.

2. General Fund Reserves (Revenue)

Purposes

13.21 The purpose of general reserves is to manage the possible financial impacts to the Authority from:

- Emergencies.
- In-year emerging financial issues.
- Reacting to investment opportunities.

13.22 The Finance Procedure Rules set the parameters for the use of general reserves.

13.23 The in-year use of general reserves requires approval in accordance with the Constitution parameters set by Council. Any use of General Reserves must consider the medium-term impact of the decision and how this will align to the robustness of the MTFS, and to the Reserves Strategy.

13.24 In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

13.25 The Council held general reserves as at 1 April 2022 of £12.6m. This included the underspend of £1.1m for the 2021/22 financial year.

13.26 In February 2022 the forecast overspend for 2021/22 was £2.3m and this was to be funded from the MTFS earmarked reserve. The positive improvements in the final quarter of the year meant this transaction was no longer required and it was instead transferred to the General Reserves. This was approved by full Council on 20 July 2022 as recommended by Finance Sub-Committee on 6 July as part of the Outturn 2021/22 report. This took the balance in the General Reserves to a forecast £14.9m.

13.27 However, the in-year forecast overspend for 2022/23 is £7.7m, of which, £5.2m if planned to be funded from the MTFS reserve, and the remaining £2.5m will be drawn from General Reserves.

13.28 Following a review of the risk assessed minimum level requirement general reserves will increase to £12.4m compared to the February 2022 forecast of £11.5m.

13.29 At 1 April 2023, it is anticipated that the Council will hold general reserves of £12.4m, as calculated in **Table 2**.

Table 2	Estimated Balance 1 April 2023 £m
Amount of General Fund Balance available for new expenditure	**14.9**
The impact of performance against the 2022/23 Revenue Budget	**-2.5**
	12.4

Estimated Movement in Reserves

13.30 **Table 3** estimates no movement in general reserves from 2023 to 2027. This does not align to the Corporate Plan target of £20m by 2025. For this reason the Council should consider allocation of beneficial financial performance or additional income to reserves in the first instance over the medium-term as an approach to complying with the Plan.

13.31 The level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

13.32 During 2019 CIPFA published a financial management code designed to support the Local Government sector as it faces continued financial challenge, the Code recognises 'that using the financial reserves to finance a deficit or to avoid difficult decisions around spending cuts provides temporary relief, but is *not sustainable in the long-term*.'

13.33 This guidance from CIPFA follows the National Audit Office (NAO) report on financial sustainability in local authorities. This indicated that there is a heightened risk of more Council's over the coming years falling into special measures as a result of not reconciling the pressure on budgets.

13.34 The reserves position will continue to be monitored and reviewed during 2023/24 to ensure the risk assessed level of £12.4m remains adequate. General reserves of £12.4m as a proportion of net revenue expenditure is 3.5%.

Table 3: The level of reserves will be maintained in the medium-term	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Estimated Balance @ 1 April	14.9	12.4	12.4	12.4	12.4
Estimated Impact of Spending	-2.5	0.0	0.0	0.0	0.0
Planned Contribution	0.0	0.0	0.0	0.0	0.0
Forecast General Reserves @ 31 March	**12.4**	**12.4**	**12.4**	**12.4**	**12.4**
Risk Assessed Minimum Level	12.4	12.4	12.4	12.4	12.4

Source: Cheshire East Finance

13.35 The level at which reserves are set for 2023/24, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short-term cashflow.

General Fund Reserves – Risk Assessment

13.36 The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate including very high inflation levels, EU Exit, emerging and delayed Government policies (particularly in relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

13.37 The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.

13.38 Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on citizens.

13.39 Risks are categorised, and potential values are applied to them. This presents the potential exposure to financial risk. **Table 4** shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.

13.40 The Risk Assessment for 2023/24 provides for the Minimum Level to be set at £12.4m. This is considered a relatively prudent overall target for reserves at 3.5% of the net budget. This reflects the following potential negative financial issues facing the Council in the medium-term:

- Further changes to future Local Government financial settlements may create funding deficits.
- Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
- Maintained schools are predicting significant deficit budget positions in their three-year forecasts as a result of staffing costs and special educational needs costs increasing at a faster rate than funding.

13.41 It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason, the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).

13.42 Risks will be included and managed using the following basic principles:

a. The risk may impact within the medium-term.

b. Risks are potential one-off events.

c. The risk will have genuine financial consequences beyond insurance cover.

d. Mitigating actions will be in place to minimise the potential requirement for financial support.

e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.

f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.

13.43 As covered in other areas of the Reserves Strategy, financial risk is managed for example by estimating variations, demand led budgets, provisions in the Capital Strategy, limits within the Treasury Management Strategy. Financial and budgetary matters are reported regularly to the Corporate Policy Committee, with the Audit and Governance Committee providing strategic oversight.

Table 4: A robust level of reserves is guided by an assessment of potential risks							
Class of Risk	**Knock on Effects**	**Effect on Budget / Mitigating Action**	**% Risk (a)**	**Value of Risk Area (b)**	**Value of risk retained (a x b)**	**Sub-Total**	**Risk Assessment**
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	15.0%	£2,000,000	£300,000	**£425,000**	**£400,000**
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	25.0%	£500,000	£125,000		
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	10.0%	£2,000,000	£200,000	**£790,000**	**£800,000**
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	28.0%	£2,000,000	£560,000		
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	5.0%	£594,000	£30,000		
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	2.0%	£14,900,000	£298,000	**£4,386,000**	**£4,400,000**
	Savings proposals challenged by changing priorities.	Impact of 2021/22 outturn / robust remedial plans and monitoring of progress	0.4%	£327,700,000	£1,311,000		
	Forecast deficit budgets in maintained schools	In-Year emerging issues / Robust plans and monitoring of progress	10.0%	£8,700,000	£870,000		
	Higher than anticipated inflation arising in year	Increased inflation on contracts and services / contract management and robust remedial plans	0.4%	£400,830,000	£1,603,000		
	Potential decrease in Council Tax and Business Rates collection rate	Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures	0.1%	£304,000,000	£304,000		
Legal & IT costs	Legal challenges to Council service delivery / charges for services	Court costs and claims for financial settlement / clear processes and good workforce management	50.0%	£750,000	£375,000	**£2,125,000**	**£2,100,000**
			30.0%	£1,000,000	£300,000		
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	10.0%	£500,000	£50,000		
Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning	1.0%	£140,000,000	£1,400,000		
Strategic Reserve		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes Impact of EUExit on national and local economy	0.6%	£811,581,000	£4,707,000	**£4,707,000**	**£4,700,000**
		OVERALL RISKS				**£12,433,000**	**£12,400,000**
		% of Net Revenue Budget					**3.5%**

13.44 The outcome of this analysis has been to place an estimated total value on the range of risks that may arise, and which are not covered by insurance. This is equivalent in total to £12.4m.

13.45 It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2023/24 Revenue Budget. The key factors are:

- The capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely.
- Potential underachievement of cost reduction targets following consultation processes.
- Demand for services rising above estimated trends.
- Inflation staying at current high levels or even increasing further.
- Changes to Government settlements.

Adequacy of General Reserves

13.46 The Local Government Finance Act 1988 and 1992 and the Local Government Act 2003 emphasises the importance of sound and effective financial management in England and Wales by the statutory duty of the Section 151 Officer to report to the Authority, at the time the budget is considered and the Council Tax set, on the robustness of the budget estimates and the adequacy of financial reserves.

13.47 CIPFA and the Local Authority Accounting Panel consider that local authorities should establish reserves including the level of those reserves based on the advice of their Section 151 Officer. There is no statutory or recommended minimum level of reserves as they are established by the Section 151 officer making judgements on such matters taking into account all the relevant known and expected local circumstances. Imposing a statutory minimum would therefore be against the promotion of local autonomy and would conflict with the financial freedoms offered to local authorities.

13.48 The Secretary of State in England has reserve powers to specify in regulations a statutory minimum level of reserves that will be used if authorities fail to remedy deficiencies or run down reserves against the advice of the Section 151 Officer. The Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently and disregards the advice of its Section 151 Officer.

3. Earmarked Reserves (Revenue)

Purpose

13.49 The purpose of an earmarked reserve is:

- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- To set aside amounts for projects which extend beyond one year.

13.50 Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.

13.51 **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

13.52 For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

- the purpose of the reserve,
- how and when the reserve can be used,
- procedures for the reserve's management and control,
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
- clear indication of payback periods and approach (if applicable).

Table 5: All earmarked reserves should have a clear rationale

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA – LAAP Bulletin 55, 2

13.53 When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.

13.54 The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

13.55 Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Section 151 Officer,
- Supported by a business case,
- Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
- Be reviewed at least annually.

13.56 Services may also carry forward balances in accordance with Financial Procedure Rules.

13.57 Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget setting process, to ensure that they are still appropriate, relevant and adequate for the intended purpose.

13.58 The 2022/23 position on earmarked reserves is reported in the 2022/23 Financial Review Report, as part of the 1 December, Corporate Policy Committee report.

13.59 All reserves will be subject to revised business cases to ensure that only the required levels are carried over into 2023/24.

13.60 At 1 April 2023, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £46.1m. It is estimated that balances will reduce by £13.2m by the end of 2023/24. **Table 6** (overleaf) shows the position on each earmarked reserve.

13.61 Certain reserves, such as the MTFS and Collection Fund Reserves, are used to assist with balancing the Council's overall net budget (as shown in the Central budgets row on page 19: Four Year Table with the detail contained in proposals 113-116 in Section 1, page 108 and 109. These have been marked with an asterisk in the **Corporate Policy Committee** table. Overall use of such reserves for this purpose is equal to a total drawdown from reserves of £5.0m in the 2023/24 financial year (a change of £6.3m from 2022/23), made up of various drawdowns and contributions to the revenue budget from these four reserves. All earmarked reserves are subject to annual review at year end to consider options to move balances to general reserves.

13.62 Other service proposals within this MTFS will utilise earmarked reserves where necessary and will be noted accordingly (see Section 1 of the MTFS report).

13.63 The opening balances also includes COVID-19 grants in the region of £5.9m, which are expected to be fully utilised in 2022/23.

Table 6 Reserve Summary and Detail by Committee

Committee Reserves	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000
Adults and Health Committee	**7,646**	(2,276)	**5,370**	(1,826)	**3,544**
Children and Families Committee	**4,032**	(1,073)	**2,959**	(1,912)	**1,047**
Corporate Policy Committee	**63,113**	(28,193)	**34,920**	(7,955)	**26,965**
Economy and Growth Committee	**3,144**	(1,881)	**1,263**	(624)	**639**
Environment and Communities Committee	**1,056**	(501)	**555**	(427)	**128**
Highways and Transport Committee	**1,936**	(905)	**1,031**	(470)	**561**
TOTAL EARMARKED RESERVES MOVEMENT	**80,927**	**(34,829)**	**46,098**	**(13,214)**	**32,884**

**Excluding schools' balances*

Adults and Health Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
Adult Social Care Operations						
Adults Directorate	**1,020**	(450)	**570**	(460)	**110**	To support a number of widespread projects within the Adults and Health Directorate. Connected Community Strategy Developments activity has been delayed due to community team focussing on resettlement schemes. Transformation and Improvement of ASC and Care4ce New Model of Care anticipate phasing of appropriation will match the original business case.
DOL's Assessments	**397**	(397)	**0**	0	**0**	Reserve required due to delays in DOLs assessment processing. Anticipated to be fully utilised in 2022/23.
Public Health (LAC funding for 3 years/ Investment in Outcome 5 activities - Adults)	**162**	(162)	**0**	0	**0**	Reserve will be fully utilised by the end of 2022/23, matched off against LAC staff as per the original business case.
Adults Social Care Commissioning						
PFI Equalisation - Extra Care Housing	**2,715**	80	**2,795**	0	**2,795**	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009, and the anticipated gap at the end of the agreement.
NHB Community Grants Staffing	**132**	0	**132**	0	**132**	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects.
Public Health						
Public Health Reserve	**3,220**	(1,347)	**1,873**	(1,366)	**507**	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. Anticipated that the carry forward ringfenced grant will be spent across 2022/23 to 2025/26.
ADULTS AND HEALTH TOTAL	**7,646**	**(2,276)**	**5,370**	**(1,826)**	**3,544**	

Children and Families Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
Directorate						
Childrens Directorate - Transformation Funding	**1,079**	(365)	**714**	(714)	**0**	Expectation of £65k for CSC New Beginnings. Potentially reducing this reserve to assist with in year mitigations of £300k plus removal of remaining balance to close the 2023/24 funding gap.
Childrens Directorate - C&F ED	**422**	(68)	**354**	(354)	**0**	Estimated spend in 2022/23 of £35k transport review and £8k catering review. Chess review may happen in 2023/24. Balance of reserve being used to close the 2023/24 funding gap.
Childrens Social Care						
Domestic Abuse Partnership	**112**	(61)	**51**	0	**51**	To sustain preventative services to vulnerable people as a result of partnership funding. This is the current budgeted position, however updates will be provided on future reviews. Service are considering the in year deficit as this would not be sustainable in 2023/24 based on current assumptions.
Education and 14-19 Skills						
Skills and Lifelong Learning	**30**	(30)	**0**	0	**0**	To support adult learning, training and improving skills for the workplace. Need to review likelihood of use in 2022/23.
School Organisation & Capital Service	**16**	(16)	**0**	0	**0**	Springfield lease of £28.5k per annum will be a pressure in 2022/23.
SSIF Nexus Programme	**9**	(9)	**0**	0	**0**	Reserve drawdown has now been actioned and allocated to School Improvement to continue to support schools with high disadvantaged learners.
Strong Start, Family Help and Integration						
Troubled Fams Initiative	**2,215**	(375)	**1,840**	(844)	**996**	Crewe Youth Zone and ACT have been assigned funding from shared outcomes of the Supporting Families Programme.
Emotional Healthy Schools	**71**	(71)	**0**	0	**0**	Funding by partners to deliver service.
Public Sector Transformation – contribution to Early Youth Inclusion Fund	**57**	(57)	**0**	0	**0**	Intention to use reserve for in-year mitigation in 2022/23
Complex Dependencies	**21**	(21)	**0**	0	**0**	Intention to use reserve for in-year mitigation in 2022/23
CHILDREN AND FAMILIES TOTAL	**4,032**	**(1,073)**	**2,959**	**(1,912)**	**1,047**	

Corporate Policy Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
Directorate						
Corporate Directorate	**1,868**	(381)	**1,487**	0	**1,487**	To support a number of widespread projects within the Corporate Directorate.
Finance and Customer Services						
Collection Fund Management *	**27,424**	(13,840)	**13,584**	(1,546)	**12,038**	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve - Capital Financing Budget *	**6,511**	1,500	**8,011**	(800)	**7,211**	
Financing Reserve - Corporate Capital Projects	**925**	(400)	**525**	(525)	**0**	
Financing Reserve - People Capital Projects	**573**	(150)	**423**	(100)	**323**	To provide for financing of capital schemes, other projects and initiatives.
Financing Reserve - Place Capital Projects	**1,520**	(250)	**1,270**	(200)	**1,070**	
MTFS Reserve *	**10,068**	(6,833)	**3,235**	(2,533)	**702**	To support the financial strategy and risk management. Reserve balance at end of 2026/27 is forecast at £0.7m.
Section 151 Revenue Grants	**28**	(28)	**0**	0	**0**	Unspent specific use grant carried forward into 2022/23.
Section 151 Revenue Grants - Covid-19	**5,989**	(5,989)	**0**	0	**0**	Covid (Unringfenced) reserve carried forward into 2022/23.
Governance and Compliance						
Insurance Reserve - Cheshire County Fund	**130**	(187)	**(57)**	0	**(57)**	To settle insurance claims and manage excess costs.
Insurance Reserve - Cheshire East Fund	**5,164**	(1,244)	**3,920**	0	**3,920**	To settle insurance claims and manage excess costs.
Elections General	**477**	225	**702**	(702)	**0**	To provide funds for Election costs every 4 years.
Brexit Funding	**13**	0	**13**	0	**13**	
Human Resources						
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	**59**	(59)	**0**	0	**0**	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Pay Structure (M Grade Review)	**584**	(278)	**306**	(278)	**28**	To fund ongoing changes to pay structure.
Policy and Change						
Brighter Future Transformation Programme *	**1,780**	(279)	**1,501**	(1,271)	**230**	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.
CORPORATE POLICY TOTAL	**63,113**	**(28,193)**	**34,920**	**(7,955)**	**26,965**	

Economy and Growth Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
Directorate						
Place Directorate	**1,684**	(1,539)	**145**	(145)	**0**	To support a number of widespread projects within the Place Directorate. A significant number of these projects are expected to be fully utilised in year, with the remaining reserve to be fully used in 2023/24.
Investment (Sustainability)	**680**	(126)	**554**	(554)	**0**	To support investment that can increase longer term financial independence and stability of the Council. Forecasts based on timelines for individual projects making up the reserve.
Growth and Enterprise						
Legal Proceedings	**285**	(50)	**235**	(100)	**135**	To enable legal proceedings on land and property matters, this is the anticipated amount based on current costs.
Investment Portfolio	**155**	174	**329**	175	**504**	Reserve being built up to be used in the future if the site is vacated, current lease extends beyond 2026
Homelessness & Housing Options - Revenue Grants	**130**	(130)	**0**	0	**0**	To cover costs of purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families.
Tatton Park Trading Reserve	**111**	(111)	**0**	0	**0**	Service anticipating utilising some of the funds for furniture purchased for the Catering Facility at TPE Ltd costing £16k. Full drawdown of the reserve necessary to cover the adverse position for Tatton anticipated at the end of 2022/23
Royal Arcade Crewe	**99**	(99)	**0**	0	**0**	Original purpose was to fund vacant possession related costs for the Royal Arcade until demolition. The balance will now be used to pay for ongoing maintenance costs for Crewe Bus station. FM pressures will mean that the reserve will be fully utilised in 2022/23.
ECONOMY AND GROWTH TOTAL	**3,144**	**(1,881)**	**1,263**	**(624)**	**639**	

Environment and Communities Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
Environment and Neighbourhood Services						
Strategic Planning	**568**	(287)	**281**	(281)	**0**	To meet costs associated with the Local Plan - site allocations, minerals and waste DPD.
Trees / Structures Risk Management	**202**	(52)	**150**	(50)	**100**	New reserve to respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Spatial Planning - revenue grant	**89**	(47)	**42**	(14)	**28**	Funding IT costs over 4 years.
Neighbourhood Planning	**82**	(38)	**44**	(44)	**0**	To match timing of expenditure with the receipt of Government grants.
Air Quality	**36**	0	**36**	(36)	**0**	Air Quality Management - DEFRA Action Plan. Relocating electric vehicle chargepoint in Congleton.
Street Cleansing	**26**	(26)	**0**	0	**0**	Committed expenditure on voluntary litter picking equipment and electric blowers, due to be fully utilised in 2022/23.
Custom Build & Brownfield Register	**19**	(19)	**0**	0	**0**	Due to be fully utilised in 2022/23.
Community Protection	**17**	(17)	**0**	0	**0**	Due to be fully utilised in 2022/23.
Licensing Enforcement	**15**	(15)	**0**	0	**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**	(2)	**0**	Plans to draw down the reserve in 2023/24 relating to Public Information Works.
ENVIRONMENT AND COMMUNITIES TOTAL	**1,056**	**(501)**	**555**	**(427)**	**128**	

Highways and Transport Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
Highways and Infrastructure						
HS2	**985**	(200)	**785**	(275)	**510**	To support the Council’s ongoing programme in relation to Government’s HS2 investment across the borough and Transport for the North’s Northern Powerhouse Rail Business Case. £200k to be released in 2022/23.
Flood Recovery Works	**400**	(400)	**0**	0	**0**	To be released in 2022/23.
Well Managed Highway Infrastructure Delay	**230**	(230)	**0**	0	**0**	To be released in 2022/23.
Parking Pay and Display Machines / Parking Studies	**178**	(28)	**150**	(150)	**0**	To cover contract inflation for P&D machines and for new regulation from DfT on role of parking in decarbonising transport.
Highways Procurement Proj	**104**	(27)	**77**	(26)	**51**	To finance the development of the Highway Service Contract, this reserve specifically covers the revenue element of Depot mobilisation costs, split over 7 years from start of contract in 2018.
LEP-Local Transport Body	**39**	(20)	**19**	(19)	**0**	To fund the business case work for re-opening the Middlewich rail line. £20k is anticipated to be utilised in 2022/23, with the remaining £19k required in 2023/24.
HIGHWAYS AND TRANSPORT TOTAL	**1,936**	**(905)**	**1,031**	**(470)**	**561**	
TOTAL EARMARKED RESERVES MOVEMENT (Excluding Schools' balances)	**80,927**	**(34,829)**	**46,098**	**(13,214)**	**32,884**	

4. Capital Reserves

13.64 Capital receipts received in-year are fully applied to finance the capital programme. A small amount of capital receipts are held in reserve to cover future commitments where receipts are to be used flexibly to fund transformational projects.

13.65 Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

5. Reserves Strategy Conclusion

13.66 Overall Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility to react to investment opportunities. This approach can be supported during the medium-term based on recent performance against budget.

13.67 This recognises local issues and allows the Section 151 Officer to report favourably on the adequacy of reserves. The full report of the S.151 Officer is provided on page 15 of the MTFS Full Report.

13.68 The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves positions will continue to be reviewed throughout the financial year.

Background Papers

13.69 General Fund Reserves – Risk Assessment Working Papers 2021.

CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).

CIPFA Financial Management Code 2019.

Cheshire East Draft Statement of Accounts 2021/22.

14. Financial Authorisation Limits

14.1 Financial control is achieved through the mechanism of the Financial Procedures Rules (Chapter 3, Part 4 of the Constitution) and the Financial Schemes of Delegation.

14.2 This Annex provides details of the financial authorisation limits for the year 2023/24 to be approved at Budget Council. The financial limits ensure decisions are made at the right level, are formally delegated and involve appropriate consultations with Senior Management, Statutory Officers and Members.

14.3 It is appropriate to review these limits on an annual basis to reflect the most up to date financial framework, following a review this Annex confirms the current levels are appropriate for 2023/24.

14.4 These limits are in line with the approved Constitution and for 2023/24 apply for the net revenue budget of £353.1m and the capital budget of £214.7m.

Scheme of Virement

14.5 Approval limits for virements are as follows:

Virements between budget heads (Excluding Reserves / Contingencies)

Virement Amount	Approval Level
Up to and including £100,000	Relevant Heads of Service
In excess of £100,000 up to and including £500,000	Chief Finance Office in consultation with the Relevant Member(s) of CLT
In excess of £500,000 up to and Including: • £1,000,000 revenue; or • £5,000,000 capital	Relevant Member(s) of CLT in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee
Over • £1,000,000 revenue; or • £5,000,000 capital (where virement is within budget and policy framework)	Finance Sub-Committee

Virements from Reserves or Contingencies

Virement Amount	Approval Level
Up to and including £250,000	Chief Finance Officer
In excess of £250,000 up to and including £500,000	Chief Finance Officer in consultation with the Relevant Member of CLT
In excess of £500,000 up to and including £1,000,000	Finance Sub-Committee
Over £1,000,000	Council with recommendation from Finance Sub-Committee

14.6 Council may approve that specific earmarked reserves for contingencies are allocated within the Budget Control Total of a Committee. The Committee may vire such funds only in consultation with the Chief Finance Officer.

Supplementary Estimates

14.7 Approval limits for fully funded revenue and capital supplementary estimates are as follows:

Supplementary Estimate Amount	Approval Level
Up to and including £250,000	Relevant Member of CLT
In excess of £250,000 up to and including £500,000	Relevant Member of CLT in consultation with the Chair of the relevant Committee, Chair of Finance Sub-Committee
In excess of £500,000 up to and including £1,000,000	Committee
Over £1,000,000	Council

Asset Disposal / Write-off

14.8 The Chief Finance Officer may authorise the write-off of losses up to £25,000, or disposals, of obsolete or surplus equipment, materials, vehicles or stores up to a disposal value of £25,000. Where the value exceeds £25,000, but is less than or equal to £100,000 this should be done in consultation with the Finance Sub-Committee Chair. Write-offs over £100,000 will be the responsibility of the Finance Sub-Committee or Corporate Policy Committee.

14.9 Any write-off which arises as a result of theft or fraud must be notified to the Head of Audit and Risk immediately.

Early Retirement / Severance

14.10 The Chief Executive or Executive Director (Corporate Services) in consultation with the Chair of the Corporate Policy Committee must approve all requests up to £95,000 (excluding pay in lieu of notice and accrued holiday pay). All such requests in excess of £95,000 must be approved by the Corporate Policy Committee or a waiver sought from full Council and Central Government.

Grants and Donations

14.11 Grants, donations and contributions will be paid by the Council in accordance with the policies determined under paragraph 6.26 of the Financial Procedure Rules, subject to there being adequate provision in service budgets and the appropriate approvals being sought.

Approval level	Amount
Officers	Up to and including £50,000 (where grant is within approved grant policy and fully funded)
Relevant Corporate Leadership Team member in consultation with the Chair of the relevant Committee and Chair of Finance Sub-Committee	Between £50,000 and £100,000 (where grant is within approved grant policy and fully funded)
Committee	All Grants of £100,000 or more. All grants which do not fall within existing approved grant policy require Corporate Policy Committee approval

Bad Debts

14.12 Bad Debts may be written off as follows:

Approval level	Amount
Chief Finance Officer	Up to and including £5,000
Chief Finance Officer in consultation with the Monitoring Officer	Over £5,000

14.13 The Corporate Leadership Team is responsible for ensuring that an adequate provision for bad debt is made in the Council's accounts at year-end and that contributions to this provision are included in budgetary projections and outturn.

14.14 A record must be maintained for all debts written off. The appropriate accounting adjustments must be made following approval to write-off a debt. The Chief Finance Officer may provide written delegation to other officers to approve the write-off of debt up to and including £5,000.

15. Abbreviations

This Annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
ASC	Adult Social Care
ASDV	Alternative Service Delivery Vehicles – part of the Council’s commissioning approach to funding services
BCF	Better Care Fund
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1 April 2013
CAG	Corporate Assurance Group
CDRP	Crime and Disorder Reduction Partnership
CDS	Credit Default Swap
CEC	Cheshire East Council
CEFS	Cheshire East Family Support
CERF	Cheshire East Residents First
CFB	Capital Financing Budget
CFR	Capital Financing Requirement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CSC	Children's Social Care
CTS	Council Tax Support
DfE	Department for Education
DLUHC	Department for Levelling Up, Housing and Communities (formerly Ministry of Housing, Communities and Local Government – MHCLG)
DSG	Dedicated Schools Grant – grant received from Government to fund schools
EqIA	Equality Impact Assessment
EIP	Early Intervention and Prevention
ERP	Enterprise Resource Platform
ESG	Education Support Grant
FTE	Full Time Equivalent

Term	Meaning
FR	Financial Review – in-year financial monitoring report estimating the projected end of year spend
GDP	Gross Domestic Product
GP	General Practitioner
GVA	Gross Value Added
HLBC	High Level Business Case
HM	Her Majesty's
HR	Human Resources – one of the Council's corporate service areas
ICT	Information and Communication Technology – the service responsible for computers, networks, software, hardware and phones
IFS	Infrastructure Funding Statement
LA	Local Authority
LED	Light Emitting Diode
LGA	Local Government Association
LOBO	Lenders Option Borrows Option
LSCB	Local Safeguarding Children's Board
LUF	Levelling Up Fund
MARS	Mutually Agreed Resignation Scheme
MHCLG	Ministry of Housing, Communities and Local Government – now renamed to DLUHC (above)
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
MTFS	Medium-Term Financial Strategy
NEETs	Not in Education, Employment or Training
NFF	National Funding Formula
NHB	New Homes Bonus Grant
NHS	National Health Service
NJC	National Joint Council
NNDR	National Non-Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by Central Government
PHE	Public Health England
PiP	Partners in Practice

Term	Meaning
PMI	Purchasing Managers Index
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works
RPI	Retail Price Index
RSG	Revenue Support Grant
RV	Rateable Value
S151	Section 151 (Officer)
SBRR	Small Business Rate Relief
SCIES	Safeguarding Children in Education Settings
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SLA	Service Level Agreement
SLE	Separate Legal Entity – a delivery model for delivering services in a different way
SOS	Signs of Safety
SSB	Supporting Small Business
TC	Town Centre
TUPE	Transfer of Undertakings (Protection of Employment) regulations
VIC	Visitor Information Centres
VCFSE	Voluntary, Community, Faith and Social Enterprise
WOC	Wholly Owned Company

16. Forecasts (February 2022)

Forecasts presented to the Council in February 2022 reported a forecast balanced budget position in the medium-term.

Summary position for 2022/23 to 2025/26	Revised Budget 2021/22 £m	Estimated Net Budget 2022/23 £m	Estimated Net Budget 2023/24 £m	Estimated Net Budget 2024/25 £m	Estimated Net Budget 2025/26 £m
Childrens	68.3	**73.8**	**73.8**	**75.2**	**76.6**
Adults	119.0	**120.8**	**124.1**	**129.1**	**134.0**
Place	74.8	**79.7**	**78.7**	**80.4**	**81.7**
Corporate	36.6	**38.3**	**39.2**	**40.3**	**41.1**
Total Service Budgets	298.7	**312.6**	**315.8**	**325.0**	**333.5**
CENTRAL BUDGETS:					
Capital Financing	14.0	**19.0**	**19.0**	**20.0**	**21.0**
Past Pensions Adjustment from Actuary results	-2.9	**-5.4**	**-3.3**	**-3.3**	**-3.3**
Bad Debt Provision increase	-0.1	**0.2**	**-0.7**	**0.0**	**0.0**
Use of (-) /Contribution to (+) Earmarked Reserve	1.3	**1.3**	**-1.9**	**-2.1**	**-0.6**
Total Central Budgets	12.4	**15.1**	**13.2**	**14.6**	**17.1**
TOTAL: SERVICE + CENTRAL BUDGETS	**311.1**	**327.7**	**329.0**	**339.7**	**350.6**
FUNDED BY:					
Council Tax	-242.8	**-254.7**	**-265.1**	**-275.8**	**-286.7**
Business Rate Retention Scheme	-49.1	**-49.1**	**-49.1**	**-49.1**	**-49.1**
Revenue Support Grant	0.0	**0.0**	**0.0**	**0.0**	**0.0**
Specific Unring-fenced Grants	-19.2	**-24.0**	**-14.8**	**-14.8**	**-14.8**
TOTAL: FUNDED BY	**-311.1**	**-327.7**	**-329.0**	**-339.7**	**-350.6**
Balanced Funding Position	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

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17. Feedback

We want you to be involved in decision making in Cheshire East.

To register to be involved in consultations undertaken by Cheshire East Council, you can do so by joining the Digital Influence Panel.

Join the Digital Influence Panel or scan the QR code to join.

SCAN ME

View the results of previous consultations undertaken by Cheshire East Council.

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Cheshire East Council

Annex 2b

A summary of responses to Cheshire East Council’s

Budget Consultation 2023 – 2027

Executive summary

Introduction

The Cheshire East Council 2022 / 2023 budget consultation was conducted between 6 January and 30 January 2023, on a draft Medium Term Financial Strategy (MTFS) for 2023 to 2027.

In total, there were 2,267 consultation engagements, including 1,417 online survey completions, 269 social media comments, 232 attendees at budget consultation events, 170 budget webpage comments, and 179 emails, letters and other responses.

The number of budget consultation engagements in 2023 (2,267) was significantly higher than in previous years – 6 times as many budget consultation engagements as received in 2022.

The top 25 MTFS proposals

The draft Medium Term Financial Strategy (MTFS) for 2023 to 2027 included 122 budget investment or saving proposals.

In order to help respondents navigate the proposals during the consultation, the council highlighted the 25 top proposals which it considered the most significant. Some of these proposals were grouped together for convenience.

Within the consultation survey, respondents were asked to indicate whether they supported or opposed each of these top 25 MTFS proposals.

12 proposals received strong net[1] support

The 12 proposals that received strong net support are shown in the table below.

Budget proposal	Net Support / Opposition	% Not sure / Not enough info. to decide	No. survey responses	No. public comments, emails & letter responses
[57] Reduce cost of Democracy	82%	9%	665	0
[38] Review commissioned services across Children and Families Directorate	40%	31%	551	0
[105] Energy saving measures from streetlights	39%	14%	756	5

[1] Net levels of support or opposition are calculated by subtracting the % of respondents that oppose a proposal, from the % that support a proposal. For example, if 86% of respondents support the budget proposal "[25] Reduce cost of democracy", and 4% oppose it, the net level of support = 82%

[8 & 12] Home First Strategy	39%	21%	629	1
[68] Office Estate Rationalisation	38%	16%	641	25
[101] Household Waste and Recycling Centres - introduce residency checks	36%	13%	859	1
[35] Integrated Children's Service Strategy	32%	31%	575	0
[1, 2, 3 & 5] Investment to address demand in adult social care	26%	29%	653	0

Whilst these proposals received strong net support, some still received strong local opposition, or received nuanced feedback, for example:

Proposal 105 (Energy savings measures from streetlights) – While showing strong net support of 39% overall, there was concern of the impact of this proposal on rural communities, and for the safety of those walking in urban areas, particularly females

Proposal 68 (Office Estate Rationalisation) – While showing strong net support of 38% overall, the proposal to relocate Macclesfield Library received much local opposition

Proposal 101 (HWRC residency checks) – While showing strong net support of 36% overall, some felt the relatively small scale of savings (£21,000) were not worth the inconvenience and increased waiting times for both HWRC users and staff, plus it was felt not to be an environmentally friendly proposal

8 proposals received marginal net[1] support or opposition

The 8 proposals that received marginal net support or opposition are shown in the table below.

Budget proposal	Net Support / Opposition	% Not sure / Not enough info. to decide	No. survey responses	No. public comments, emails & letter responses
[11] Adult social care: Client contribution yield offsetting growth	17%	37%	557	0
[24] School transport pressures	12%	29%	598	1
[10, 20 & 22] Learning Disabilities Future Service Development and Review	7%	30%	568	2
[90] Strategic Leisure Review	4%	35%	695	2
[91] Maintenance of green spaces	3%	11%	822	14
[108] Parking	-5%	31%	826	12

The proposals receiving marginal net support or opposition did so either because respondents felt they did not have enough information to make a decision either way, or because the issue was very polarising with strong levels of support alongside strong levels of opposition.

Some of these proposals also received strong local opposition, or received nuanced feedback, for example:

Proposal 11 (Adult social care: Client contribution yield offsetting growth) – A high proportion of respondents were not sure whether they supported or opposed this proposal, or felt they did not have enough information to decide (35%). This may indicate more information or consultation is required.

Proposal 22 (Building based Day Services) – This proposal received strong localised opposition from Knutsford residents who were opposed to the closure of Stanley Centre, including from Knutsford Town Council and Knutsford & District Lions Club. Respondents felt the budget consultation was not a sufficient consultation process for this proposal.

Proposal 91 (Maintenance of green spaces) – Although showing marginal support, this proposal was very polarising – with 47% support and 43% opposition. Many were concerned about the potential detrimental effect of the proposal on the aesthetics of local areas.

Proposal 108 (Parking) – Another proposal which is very polarising, with 32% support and 37% opposition, though a significant proportion also felt they did not have enough information to make a decision (31%). Respondents stressed the importance car parking charges play on town centre vitality, felt that a consistent charging policy across Cheshire East is needed as the current one is felt to be unfair, but also stressed that each town and car park has its own unique characteristics meaning applying the same charges everywhere might not be appropriate. They felt a car parking policy for the whole of Cheshire East is required, but maybe one that sets variable charges for each car park depending on factors such as: current occupancy rates; quality of the town’s offer; car parks usage e.g. access to key services such as GPs; quality of local competition etc. Ultimately respondents stressed that setting car parking charges too high has and could undermine the success of CE high streets, in turn reducing council income from business rates etc, and while the council must maximise income from car parks, respondents felt that can't be at the expense of town centre footfall.

5 proposals received strong net[1] opposition

The 5 proposals that received strong net opposition are shown in the table below.

Budget proposal	Net Support / Opposition	% Not sure / Not enough info. to decide	No. survey responses	No. public comments, emails & letter responses
[117] Council Tax % increase	-27%	14%	810	29
[103] Local Bus	-39%	22%	748	17
[104] Highways	-46%	21%	809	21

[93] Libraries - Service Review	-58%	8%	1126	187
[92] Review Waste Collection Service - Green Waste	-66%	7%	937	51

Of the 120 proposals included in the MTFS for 2023 to 2027, these 5 proposals received the most significant levels of opposition:

Proposal 117 (Council Tax % increase) – A 4.99% Council Tax increase was deeply unpopular with many residents (-27% net opposition), with many simply stating they would not be able to pay this increase in Council Tax, especially during a cost of living crisis which many are already struggling with. Respondents also questioned how this year's MTFS represents good value for residents when Council Tax is increasing significantly, at the same time as key services are being cut. Some felt the council has to live within its means more or increase taxes on the most affluent residents.

Proposal 108 (Local Bus) – Another unpopular proposal that gained 59% opposition and 20% support. Respondents feel buses are an essential service especially for some of the most vulnerable residents in Cheshire East including rural residents, the elderly and those living in the least affluent households. Respondents also questioned how this proposal compliments the council's environmental, Active Travel and car park charging ambitions.

Proposal 108 (Highways) – Another unpopular proposal that gained 62% opposition and 17% support. Respondents stressed the importance to them of fixing potholes, and of good road condition and highway maintenance. Some strongly felt there should be no reduction in funding for some of these services, and that all new road building should be put on hold with funds diverted from there to maintain the existing network.

Proposal 108 (Libraries - Service review) – This proposal received a huge amount of feedback, with 1,126 survey completions, and 187 responses in the form of public comments, emails and letters. It also received a very large level of opposition, with 75% opposition and just 17% support. Respondents simply felt the proposal to reduce library opening hours is wrong, especially on Saturdays which is the only day those who work, and families, can visit. They felt that libraries have evolved to become community hubs, and now act as the council's main customer facing contact points, and that reducing hours would further distance the council from the communities it serves. Some suggested that reducing library opening hours would lead to demonstration and would cause reputational damage to the council. They implored the council to explore alternative solutions instead of service reduction.

Proposal 108 (Review Waste Collection Service - Green Waste) – This proposal was also deeply unpopular, with 79% of respondents opposed to it and just 13% in support. Respondents felt this proposal was completely at odds with the council's aims of becoming environmentally friendly, given people would put their green waste in black bins or fly-tip their waste rather than paying. They also felt this to be a "stealth tax" which should be covered by Council Tax.

Conclusions

A significant budget consultation response

The response to the budget consultation this year has been extraordinary as compared to recent years – the high number of responses received highlights the level of feeling about the proposals in this year's MTFS, and is especially significant given the shortened timescale of this year's budget consultation.

General support for the MTFS

That said, despite the high level of response, and the opposition to a Council Tax rise of 4.99%, there does seem to be a general support for proposals.

Of the 25 top proposals focused on in the survey, 12 received strong net[2] support, and none of the proposals outside of the 25 top proposals received significant levels of feedback or opposition.

This does suggest that the vast majority of the proposals in the MTFS for 2023 to 2027 are supported (109 out of 122 proposals).

The most complex proposals in the MTFS for 2023 to 2027	Reasons for complexity
[92] Review Waste Collection Service - Green Waste	Strong net opposition
[93] Libraries - Service Review	Strong net opposition
[104] Highways	Strong net opposition
[103] Local Bus	Strong net opposition
[117] Council Tax % increase	Strong net opposition
[108] Parking	Polarise resident opinion, Extremely nuanced
[91] Maintenance of green spaces	Polarise resident opinion
[90] Strategic Leisure Review	Polarise resident opinion
[10, 20 & 22] Learning Disabilities Future Service Development and Review	Strong localised opposition
[24] School transport pressures	Polarise resident opinion
[11] Adult social care: Client contribution yield offsetting growth	More information required
[68] Office Estate Rationalisation	Strong localised opposition

Meaningful consultation and co-design of proposals

Given the potential impact these proposals could have on the future of Cheshire East communities, given the complexity of some of these proposals, and given the strength of opposition to some of them, it is strongly recommended that meaningful consultation on proposals takes place before they are adopted.

In order that proposals are successfully delivered, it is recommended that proposals are co-designed through pre-consultation engagement with relevant stakeholders and communities, prior to being formally consulted on for final approval. It may be there are viable alternative ways of making savings on all proposals which have not yet been considered.

Contents

Report produced 1 February 2023 by Ben Buckley of the Research and Consultation Team, Cheshire East Council. Email RandC@cheshireeast.gov.uk for further information.

Introduction

Purpose of the consultation

The Cheshire East Council 2022 / 2023 budget consultation was conducted between 6 January and 30 January 2023.

The council promoted its budget consultation through a dedicated webpage at www.cheshireeast.gov.uk/budgetengagement.

The council published a full draft Medium Term Financial Strategy (MTFS) document on this webpage which was consulted on.

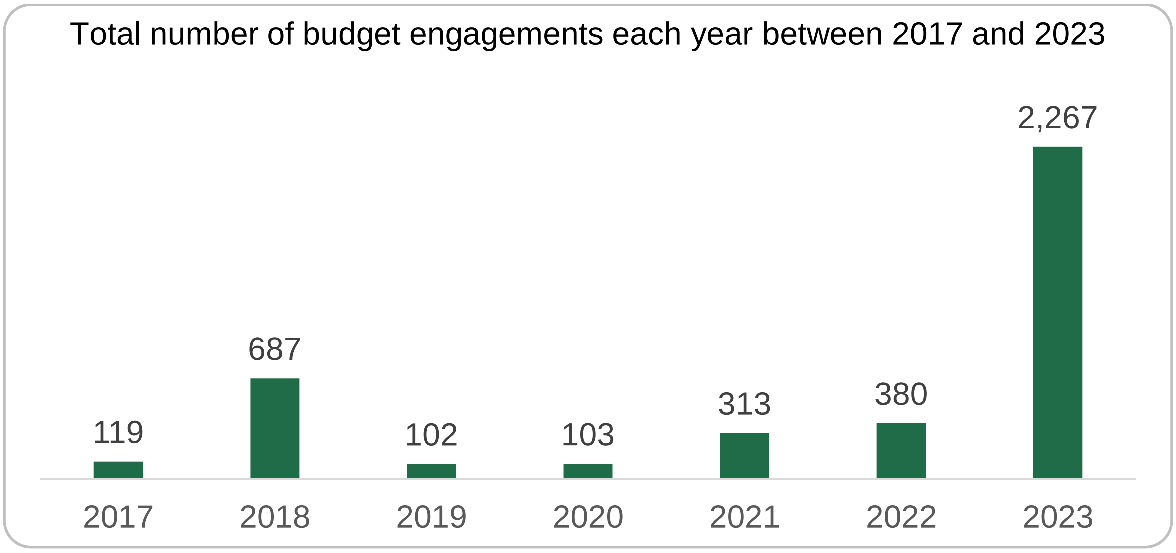
Results from the consultation would inform the adoption of the council's Medium Term Financial Strategy, due to be voted on at full Council on 22 February 2023.

For a full description of the consultation methodology see Appendix 6.

Consultation engagements

In total, there were 2,267 consultation engagements, including:

- 1,417 online survey completions
- 269 social media comments
- 232 attendees at budget consultation events
- 170 budget webpage comments
- 65 emails
- 52 "Save Us Money" ideas submitted by council employees
- 35 paper survey completions
- 27 letter responses



The number of budget consultation engagements in 2023 (2,267) was significantly higher than in previous years – 6 times as many budget consultation engagements as received in 2022. 2,267 responses is also the largest number of budget consultation engagements received since records began in 2017.

In addition, all 6 council committees were due to consider and debate the consultation material during public committee meetings – see Appendix 5 for a summary of these meetings.

Reading this report

The main sections of the report ("Overview of feedback on the top 25 MTFS proposals" through to "Finance Sub-Committee proposals") summarise responses from the 1,417 survey respondents. This includes levels of support and opposition for each proposal, as well as a written summary of feedback on each proposal.

Appendices 1 to 5 then summarise all feedback received through other mediums, from consultation events (appendix 1) through to Committee feedback (appendix 5).

Every public comment, email and letter received during the consultation has been printed verbatim in the following separate report:

Report of all public comments, emails and letters received in response to Cheshire East Council's Budget Consultation 2023 (PDF, 3.3MB)

Overview of feedback on the top 25 MTFS proposals

The top 25 MTFS proposals

The draft Medium Term Financial Strategy (MTFS) for 2023 to 2027 included 122 budget investment or saving proposals.

In order to help respondents navigate the proposals during the consultation, the council highlighted the 25 top proposals which it considered the most significant. Some of these proposals were grouped together for convenience. These top 25 proposals were selected using the following criteria – financial impact, number of people affected, historical interest in the subject, and where the council has significant discretion in how to spend, save or deliver a particular service.

The vast majority of all consultation responses received concerned these top 25 MTFS proposals. Furthermore, of the top 25 MTFS proposals, proposal "[93] Libraries – Service Review" received the most survey completions, comments, email & letter responses, with 1,313 in total.

Budget proposal	No. survey responses	No. public comments, emails & letter responses	Total survey completions, comments, email & letter responses
[93] Libraries - Service Review	1126	187	1313
[92] Review Waste Collection Service - Green Waste	937	51	988
[101] Household Waste and Recycling Centres - introduce residency checks	859	1	860
[117] Council Tax % increase	810	29	839
[108] Parking	826	12	838
[91] Maintenance of green spaces	822	14	836
[104] Highways	809	21	830
[103] Local Bus	748	17	765
[105] Energy saving measures from streetlights	756	5	761
[90] Strategic Leisure Review	695	2	697
[68] Office Estate Rationalisation	641	25	666

[57] Reduce cost of Democracy	665	0	665
[1, 2, 3 & 5] Investment to address demand in adult social care	653	0	653
[8 & 12] Home First Strategy	629	1	630
[24] School transport pressures	598	1	599
[35] Integrated Children's Service Strategy	575	0	575
[10, 20 & 22] Learning Disabilities Future Service Development and Review	568	2	570
[11] Adult social care: Client contribution yield offsetting growth	557	0	557
[38] Review commissioned services across Children and Families Directorate	551	0	551

Level of support or opposition for each of the top 25 MTFS proposals

Respondents completing the consultation survey were asked to indicate whether they supported or opposed each of these top 25 MTFS proposals.

Net levels of support or opposition[2] for the top 25 MTFS proposals varied significantly, from 82% net support for the MTFS proposal "[57] Reduce cost of democracy", down to -66% net opposition to the proposal "[92] Review Waste Collection Service - Green Waste".

The 12 proposals which received strong net support included:

- [57] Reduce cost of Democracy (82% net support)
- [38] Review commissioned services across Children and Families Directorate (40% net support)
- [105] Energy saving measures from streetlights (39% net support)
- [8 & 12] Home First Strategy (39% net support)
- [68] Office Estate Rationalisation (38% net support)
- [101] Household Waste and Recycling Centres - introduce residency checks (36% net support)

[2] Net levels of support or opposition are calculated by subtracting the % of respondents that oppose a proposal, from the % that support a proposal. For example, if 86% of respondents support the budget proposal "[25] Reduce cost of democracy", and 4% oppose it, the net level of support = 82%

- [35] Integrated Children's Service Strategy (32% net support)
- [1, 2, 3 & 5] Investment to address demand in adult social care (26% net support)

The 8 proposals which received marginal net support or opposition included:

- [11] Adult social care: Client contribution yield offsetting growth (17% net support)
- [24] School transport pressures (12% net support)
- [10, 20 & 22] Learning Disabilities Future Service Development and Review (7% net support)
- [90] Strategic Leisure Review (4% net support)
- [91] Maintenance of green spaces (3% net support)
- [108] Parking (-5% net opposition)

The 5 proposals which received strong net opposition included:

- [117] Council Tax % increase (-27% net opposition)
- [103] Local Bus (-39% net opposition)
- [104] Highways (-46% net opposition)
- [93] Libraries - Service Review (-58% net opposition)
- [92] Review Waste Collection Service - Green Waste (-66% net opposition)

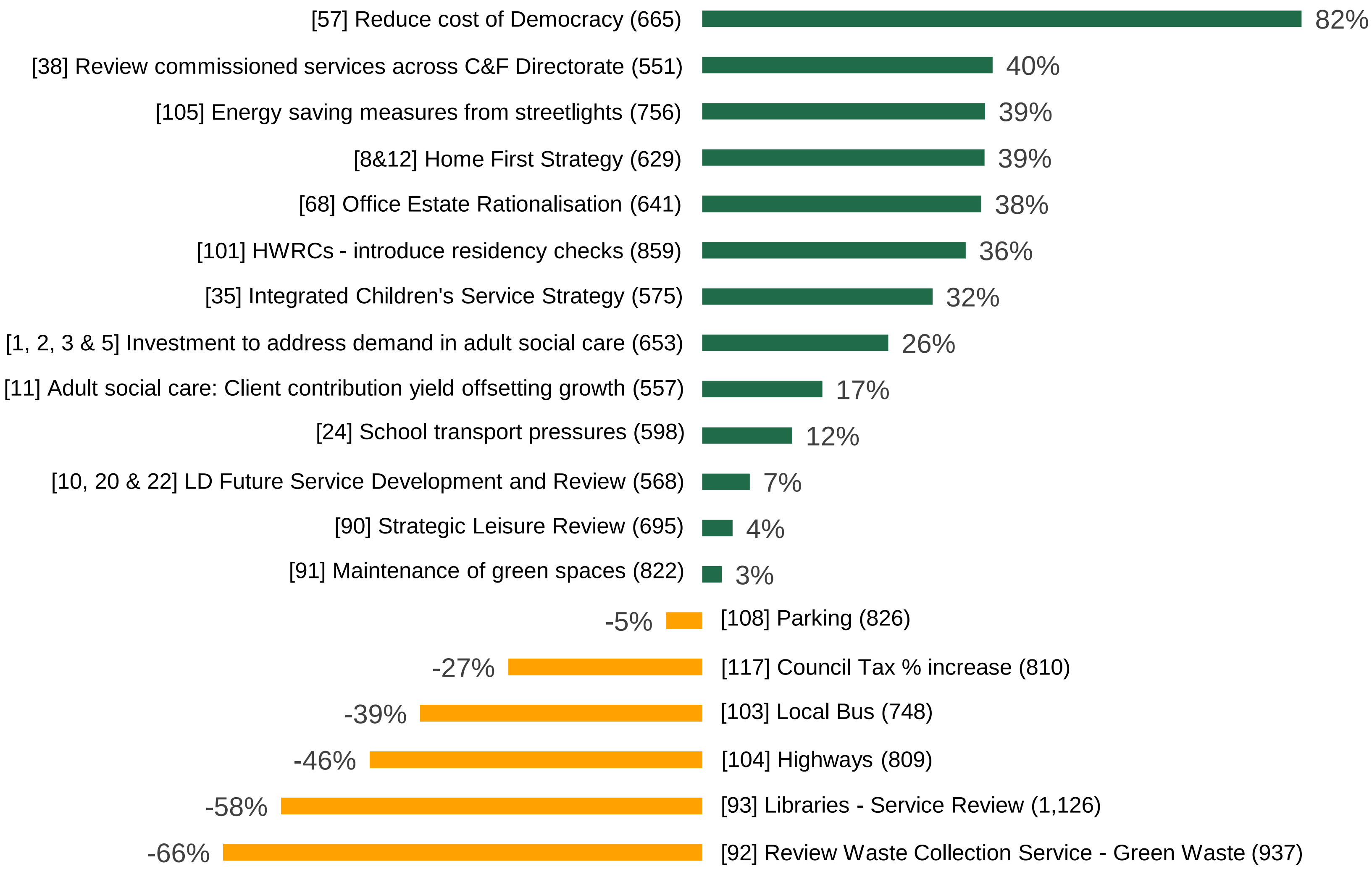
The following table and chart show the net support or opposition that each of the top 25 MTFS proposals received.

Budget proposal	**CE Cmte**	**% Support**	**% Oppose**	**% Not sure / Not enough info. to decide**	**No. survey responses**	**Net Support / Opposition**
[57] Reduce cost of Democracy	CP	86%	4%	9%	**665**	82%
[38] Review commissioned services across Children and Families Directorate	C&F	54%	15%	31%	**551**	40%
[105] Energy saving measures from streetlights	H&T	62%	23%	14%	**756**	39%
[8 & 12] Home First Strategy	A&H	59%	20%	21%	**629**	39%

[68] Office Estate Rationalisation	E&G	61%	23%	16%	**641**	38%
[101] Household Waste and Recycling Centres - introduce residency checks	E&C	61%	25%	13%	**859**	36%
[35] Integrated Children's Service Strategy	C&F	50%	19%	31%	**575**	32%
[1, 2, 3 & 5] Investment to address demand in adult social care	A&H	48%	23%	29%	**653**	26%
[11] Adult social care: Client contribution yield offsetting growth	A&H	40%	23%	37%	**557**	17%
[24] School transport pressures	C&F	41%	29%	29%	**598**	12%
[10, 20 & 22] Learning Disabilities Future Service Development and Review	A&H	38%	32%	30%	**568**	7%
[90] Strategic Leisure Review	E&C	34%	30%	35%	**695**	4%
[91] Maintenance of green spaces	E&C	46%	43%	11%	**822**	3%
[108] Parking	H&T	32%	37%	31%	**826**	-5%
[117] Council Tax % increase	FsC	30%	56%	14%	**810**	-27%
[103] Local Bus	H&T	20%	59%	22%	**748**	-39%
[104] Highways	H&T	17%	62%	21%	**809**	-46%
[93] Libraries - Service Review	E&C	17%	75%	8%	**1126**	-58%
[92] Review Waste Collection Service - Green Waste	E&C	13%	79%	7%	**937**	-66%

Committee key: CP = Corporate Policy, E&G = Economy & Growth, E&C = Environment & Communities, C&F = Children & Families, A&H = Adults & Health, H&T = Highways & Transport, FsC = Finance Sub-Committee

Net support minus opposition for each of the top proposals in the Budget Consultation 2023:



Number of responses in brackets

Not sure / Not having enough information to decide

It should be noted that when asked whether they supported or opposed proposals, large proportions of respondents answered “Not sure / Not enough information to decide” for some of the proposals.

For example, 37% of respondents felt they did not have enough information to decide on whether to support or oppose the proposal “[11] Adult social care: Client contribution yield offsetting growth”.

Those answering “Not sure / Not enough information to decide” may either:

- Not have strongly supported or opposed these proposals – hence “Not sure”
- Or may not have felt they had enough information to make a decision.

If judged to be the latter, further more in-depth information provision and consultation may be required in future to increase understanding of, and gain support for, proposals.

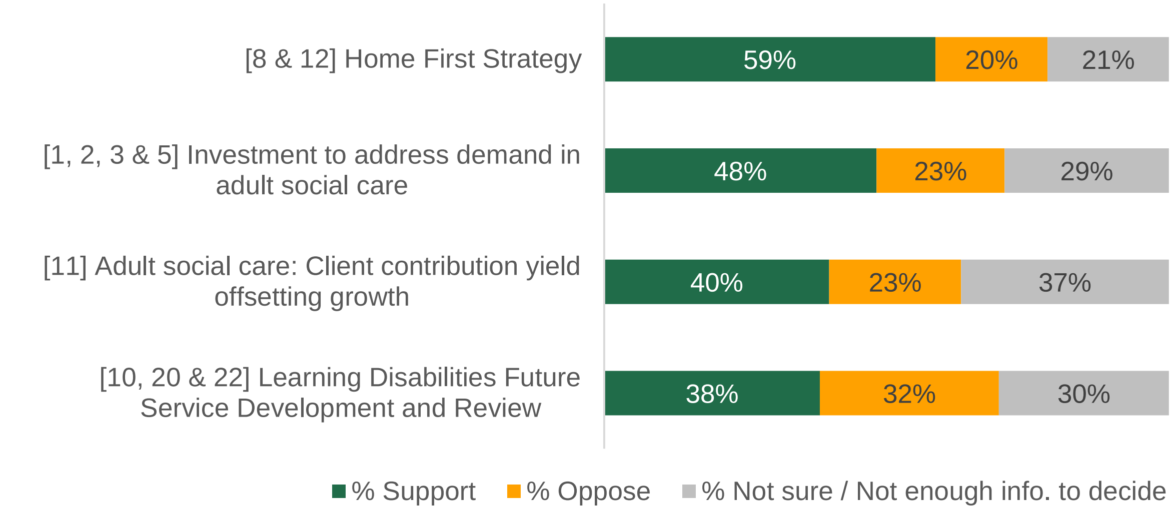
Adults & Health Committee proposals

Net support or opposition for each of the 4 top Adults & Health Committee MTFS proposals was:

- [8 & 12] Home First Strategy (39% net support)
- [1, 2, 3 & 5] Investment to address demand in adult social care (26% net support)
- [11] Adult social care: Client contribution yield offsetting growth (17% net support)
- [10, 20 & 22] Learning Disabilities Future Service Development and Review (7% net support)

Levels of support and opposition for each of these 4 proposals is shown in the chart below:

Level of support / opposition for each of the key Adult & Health Committee proposals:



Number of responses between 557 and 653

[8&12] Home First Strategy

Net support = 39% support

Opposed to proposals 8 & 12 (29 comments)

More funding required to provide for service demand. Against decrease in funding for services. More funding needed to implement proposed changes. Opposed to proposed changes, will be detrimental to residents' health and wellbeing and will increase demand for more serious care in the long term. Oppose uptake of technology if this means loss of 'face-to-face' care. Cannot afford Council Tax Rise. Voluntary sector should not be relied upon to cover service deficit. Unsure what is being proposed, need further information to comment, point 12 unclear, what is non-care community-based support?

Support proposals 8 & 12 (24 comments)

Approve of proposed changes, will assist NHS in opening hospital places. Care at home better value for CEC compared to privately run care homes. Approve further coordination between CEC and NHS. Better for service users to be as independent as possible. Investment in better technologies needed. Collaboration with local groups/communities needed.

Staff concerns (7 comments)

Increased wages and benefits needed to assist recruiting into sector. Greater effort in creating skilled staff pool for CEC rather than relying on private or voluntary sector. Social Care Accessors are neglecting resident needs, forcing vulnerable residents and their families to use the NHS instead.

Central Government Service (5 comments)

Central Government should be funding/operating these services through the NHS.

Convalescence Homes (5 comments)

Need for convalescence homes for those between hospital care and care at home, to open up NHS beds. These and short-term nursing homes should not have been closed by CEC.

Other comments (6 comments)

- More responsibility on families to care for relatives (2 comments)
- More respite places needed (1 comment)
- General concern of public health and wellbeing (1 comment)
- Support for local libraries (1 comment)
- Macclesfield residents affected disproportionately (1 comment)

[1, 2, 3 & 5] Investment to address demand in adult social care

Net support = 26% support

Opposed to proposals 1,2,3 & 5 (20 comments)

Would prefer reduced spending in adult social care service, to avoid Council tax rise. Or simply oppose Council tax rise entirely. Not enough information provided in consultation and MTFS to comment, detailed explanation of funding changes in later years needed. How will these changes be funded? Cannot understand what is being proposed. Consultation reach and scale is too limited to claim approval from CE residents.

Support proposals 1,2,3 & 5 (19 comments)

Agree more funding is needed to sustain the current/future service requirements. This funding increase has been needed for a long time, with the need for funding only increasing with an ageing population.

Local Government Service (5 comments)

Adult Social Care services should be operated directly by CEC, without contracting out services to private sector firms or staff. Fees charged by private firms to CEC and to residents extortionate. Avoid reliance on more expensive non-CEC care staff. Further regulation of the private care sector needed to save on costs.

Concern over burden on service users (4 comments)

Not fair to place extra physical, mental and financial burden on families and vulnerable residents. Concern especially for lower income households struggling to finance care needs. Risk of increase in homelessness as a result.

Support for libraries (4 comments)

Services/support provided in libraries vital and need to be retained. Opening times need to be extended for libraries. Ability to research available support using library ICT particularly important. Libraries important for social mobility and to support vulnerable residents and families.

Central Government Service (3 comments)

Adult Social Care services should be funded/operated entirely by the central government through the NHS.

Other comments (16 comments)

- Restructure of staff needed in service, reducing number of managers, and eliminating inefficiencies (2 comments)
- Volunteer and Community groups should be funded to provide support (2 comments)
- Concern over staff retention/quality (2 comments)
- New technologies needed to improve service (1 comment)
- Concern lack of adult social care placements causes problems for NHS (1 comment)
- Increase in spending should be funded by higher earners (1 comment)
- Introduce/increase charges to service users directly to fund changes (1 comment)
- Dissolve CEC and restore local Councils (1 comment)
- Better inter service coordination required, less red tape to find savings (1 comment)
- Non-elderly focused care should not be neglected (1 comment)
- Efficiency of spending needs to be published annually (1 comment)
- Accessible and affordable cross border public transport needed for social care staff and residents (1 comment)
- Restore respite services (1 comment)

[11] Adult social care: Client contribution yield offsetting growth

Net support = 17%

When invited to give reasons for their support or opposition to this proposal, 26 survey respondents made a total of 28 comments between them. These comments have been summarised below.

Can people afford an increase in client costs? (15 comments)

It's unrealistic to put more financial pressure on people, immoral and indefensible. The benefits are only just keeping in line with runaway inflation. Why should disabled people pay to access services unless you are going to up charges on the wealthy?

Just because inflation has gone up doesn’t mean costs on everything should go up. How does an inflation increase in pensions automatically mean more income from client contributions? Does it mean CE automatically puts up charges?

Is the assumption that clients have had a corresponding rise in their benefits in order to support rising costs and / or they can afford the rises?

There should be no need for a client contribution if this was funded from income tax.

Confusion about what the proposal means (3 comments)

Does this mean I have to pay more in Council Tax, or you will charge me more for services? What are ‘client contributions’? This proposal needs a re-write.

Services need cutting / making more cost effective (3 comments)

Cut commissioners and managers etc instead.

Residential Dementia Care Home funding (1 comment)

I suggest you address the anomalous situation in Residential Dementia Care whereby if a family somehow manages to get a family member “sectioned” resulting in the individual being admitted to a Dementia Care Home, no financial contribution will be sought from the individual or family, no matter what level of income or capital assets.

Private care for self-funders (1 comment)

Some people who are above the thresholds and are self-funders can access home care through the council's brokerage system. This means that people who should be private clients are getting care at a reduced rate through the council contract, and not at private rates. This is not a transparent process and creates inequalities, as other people who are over the threshold have to seek care themselves and pay private rates. The council's current system to support self-funders could be reviewed to ensure everyone over the limit is able to source private care easier. Although these people would have full cost recovery to the council, the work involved has costs that would be saved. The current situation reduces the income to businesses, which reduces the sustainability of care providers in the area.

Uplifts (1 comment)

Recent uplifts have seen less people wanting to work, more people needing care and support and this must be paid for through lifting client contributions and by pressing for the Health & Social care levy to help and support.

Other comments (4 comments)

Other comments on this proposal included:

- It is fair that those in care contribute towards their accommodation and care (1 comment)
- We have paid our taxes for a lifetime, we should have the support of a robust system (1 comment)

- In the earlier proposal you are seeking to improve services through voluntary groups saving £5m in 2023. Those savings should offset these increases (1 comment)
- Silo budgets are not the answer (1 comment)

[10, 20 & 22] Learning Disabilities Future Service Development and Review

Net support = 7% support

Opposed to proposals 10, 20 & 22 (28 comments)

Disagree with proposed changes, CEC does not understand the importance of these services. Proposals will result in loss of trained specialist staff, causing further issues in the long term. Access to respite care vital and should not become a rare luxury in CE. Closing these centres and instead utilising private firms for the same services, will cost CEC more in the long term. Services are needed within reasonable distance to the service users.

Alternative services (12 comments)

Service users need to be made aware of the service alternatives, especially for the centres proposed to be closed. Concern whether alternatives to these services are or will be made available. More information needed on proposals to comment. What other options have been considered before the closing of these centres was decided upon?

Oppose proposal 22 (9 comments)

Against closing of Stanley Centre as services still required. Centre should be handed over to Knutsford Town Council to operate. Residents and service users should be consulted on this closure and any alternatives. Respite care service vital to carer and cared for health and wellbeing.

Oppose proposal 20 (4 comments)

Against closing of Warwick Mews as services still required. Respite care service vital to carer and cared for health and wellbeing. Closing centre will cause greater problems for CEC in the long term.

Support proposals (2 comments)

Better to provide services locally and at home, rather than in a few centralised centres throughout CEC.

Other comments (5 comments)

- Investment needed in better technologies to aid service (1 comment)
- Support closing single facility if both services merged into the remainder (1 comment)
- Concern of staff retention / quality of staff (1 comment)
- Central Government should manage/fund these services (1 comment)
- Macclesfield residents affected disproportionately (1 comment)

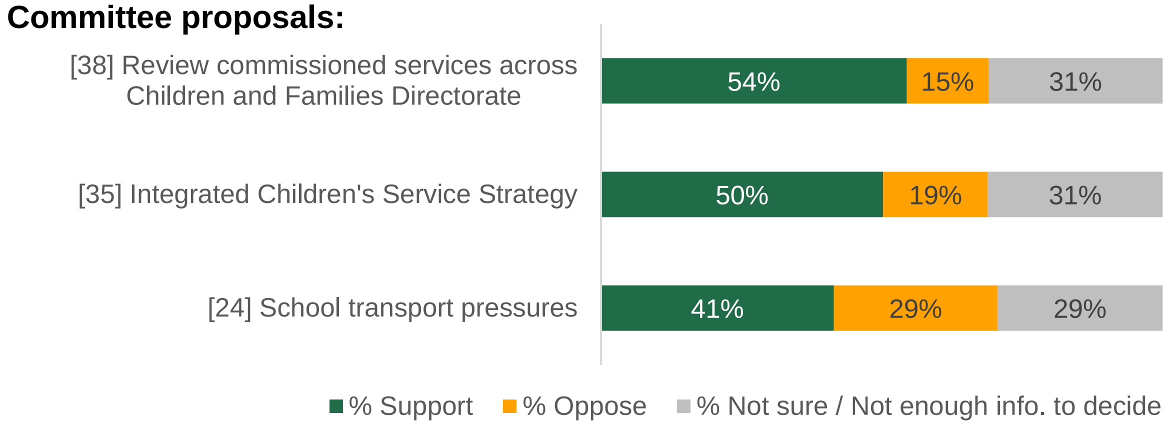
Children & Families Committee proposals

Net support or opposition for each of the 3 top Children & Families Committee MTFS proposals was:

- [38] Review commissioned services across Children and Families Directorate (40% net support)
- [35] Integrated Children's Service Strategy (32% net support)
- [24] School transport pressures (12% net support)

Levels of support and opposition for each of these 3 proposals is shown in the chart below:

Level of support / opposition for each of the key Children & Families Committee proposals:



Number of responses between 551 and 598

[38] Review commissioned services across Children and Families Directorate

Net support = 40% support

Oppose proposal 38 (17 comments)

Oppose funding reductions to children’s services as current service is insufficient to meet the demand. Reducing funding will mean limited training and result in loss of vital experienced staff in the long term. Acute concern for low-income households already struggling with current level of support available. Waiting lists for support currently unacceptable. More support needed for children with ASD. Sceptical savings will be made given cost of a review. Funding reduction to services will place greater pressure on other services, such as the NHS. Not enough information provided on proposal to comment, what are commissioned services?

Support proposal 38 (8 comments)

Support review of commissioned services across the Children and Families Directorate. Review of commissioned services should be caried out for all CEC services.

Staff Restructure (4 comments)

Restructure of staff roles required, sceptical whether certain roles are required or cause inefficiencies. Reduce the number of manager and consultants.

Other Comments (9 comments)

- Ensure staff receive fair pay, support, and benefits (2 comments)
- Cannot afford Council Tax rise (2 comments)
- Same approach should be enacted across all services (1 comment)
- Resources should be focused on 'responsible' family planning (1 comment)
- Support and services should be available throughout CE, not just focused on major towns (1 comment)
- Staff should be held accountable for service inefficiencies (1 comment)
- Macclesfield residents affected disproportionately (1 comment)

[35] Integrated Children's Service Strategy

Net support = 32% support

Support proposal 35 (20 comments)

Support restructure of staff, reducing higher level positions to save costs but increasing or at least maintaining 'front line' roles. Remove unnecessary management roles. Review of commissioned services needed. Support closure of ‘less used’ children’s centres to save on costs. Ageing population means that demand and cost for this service will and should drop.

Oppose proposal 35 (20 comments)

Against any funding reduction, demand for services only increasing with more families struggling financially. Service in need of increased funding to meet current demand. Less staff and increased responsibilities will result in errors and loss of support for service users. Domestic Abuse Service vital and should not have funding reduced. Unsure of what is being proposed, what is MARS? How much £ would be saved through this move? Sceptical proposal will result in savings. Opposed to closing service hubs, will limit access to low-income households in rural areas.

Other comments (5 comments)

- Cannot afford Council Tax rise (2 comments)
- Greater focus on promoting 'responsible' family planning (1 comment)
- Budget savings should be channelled into Adult Social Care (1 comment)
- Macclesfield residents affected disproportionately (1 comment)

[24] School transport pressures

Net support = 12% support

Oppose proposal 24 (28 comments)

School transport should be funded by some or all parents of SEN students. Not fair to other CEC resident to subsidise this travel. SEN students should use normal bus services, with specialised transport limited to select cases. Procuring transport from taxi firms not efficient use of Council funds. Need to avoid sending pupils long distances to non-local schools. Oppose Council tax rise to fund this proposal. Avoid transport provision for shorter school commutes.

Support proposal 24 (6 comments)

Support increase in funding for SEND transport. Service is vital for all students to access appropriate educational facilities/support. Funding needs to increase further to assist lower income households. Need for investment in specialised staff to operate this service.

Local SEND placements (11 comments)

Increased provision in SEND support in local schools needed to avoid need for long distance transport. DfE needs to provide further support to create more SEND school placements within CEC.

CEC Transport (3 comments)

Invest in dedicated SEND bus/taxi fleet operated by CEC, cheaper alternative in the long term to taxi firms. Bus/Taxi fleet of carbon neutral vehicles to provide service.

Other comments (6 comments)

- Not sure what is being proposed, whether an increase or decrease in funding? (2 comments)
- Transport to/from school should be free for all (1 comment)
- Accessible and affordable bus services required for all (1 comment)
- Macclesfield residents affected disproportionately (1 comment)

- Central Government should fund this service (1 comment)

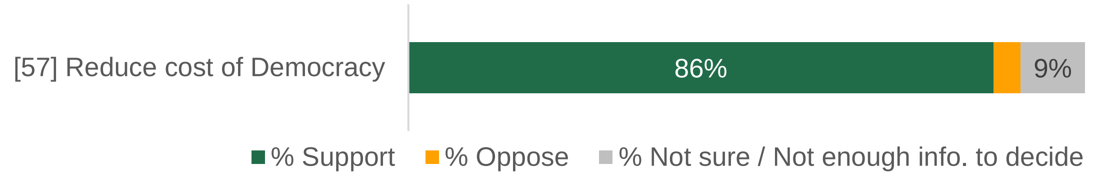
Corporate Policy Committee proposals

Net support or opposition for top Corporate Policy Committee MTFS proposal was:

- [57] Reduce cost of Democracy (82% net support)

Levels of support and opposition for this proposal is shown in the chart below:

Level of support / opposition for the key Corporate Policy Committee proposal:



Number of responses = 665

[57] Reduce cost of Democracy

Net support = 82%

Support for the proposal (10 comments)

This would be a good idea/good place to start. Seems sensible to make efficiencies in this area without impact on residents. Would favour proposals like this instead of an increase to council tax.

Financial based commentary (27 comments)

Allowances should be reduced, frozen or cut further to make greater savings in this area. Allowances should not be allowed to increase more than the rate of council tax increase. Leader allowances should be removed as well as responsibility pay to bring greater equality to the system. External review of spending and allowances.

Meeting efficiencies could be improved (31 comments)

The council should move to more online meetings along with better hybrid working practices. Printing should be reduced, no paper copies at meetings to save in this department. Only internal venues should be used for meetings and the council should review the estate it holds. Reduce the number of committees and general efficiency of meetings, too much focus on political standing rather than decision making.

Representation and engagement (6 comments)

This proposal would reduce representation across the council. The knowledge of some councillors was called into question and could be improved in regard to resident queries. A greater say on council spending, issues and consultation needed.

Other comments (3 comments)

Other comments on this proposal were that more detailed information was required to decide either way.

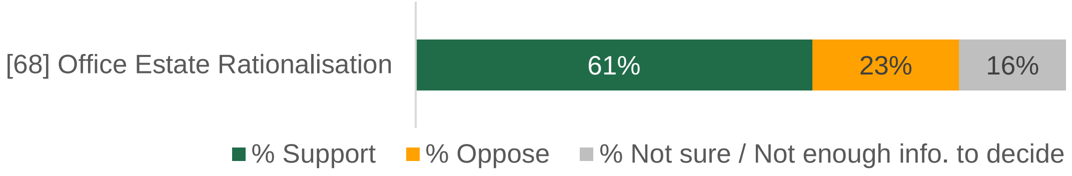
Economy & Growth Committee proposals

Net support or opposition for top Economy & Growth Committee MTFS proposal was:

- [68] Office Estate Rationalisation (38% net support)

Levels of support and opposition for this proposal is shown in the chart below:

Level of support / opposition for the key Economy & Growth Committee proposal:



Number of responses = 641

[68] Office Estate Rationalisation

Net support = 38%

When invited to give reasons for their support or opposition to this proposal, 97 survey respondents made a total of 120 comments between them. These comments have been summarised below.

Regarding Macclesfield Library Relocation (51 comments)

Great concern over the relocation of the library to the town hall, would there be enough space to maintain the current service provision which is excellent and well needed. Against having more empty buildings in Macclesfield. Seen as a negative step and widely opposed.

Asset Management (37 comments)

General support for the rationalisation of office spaces, especially those that are underused such as Westfields. The council should look into efficiencies that are possible due to increased home working. Development of more hub services and using spaces to develop skills and economic growth. Should consider a community asset transfer for buildings to town and parish councils.

Financial based commentary (17 comments)

These proposals should not require spending to achieve, more should be cut in regard to this proposal to avoid increases in council tax which cannot be afforded.

The council should sell off assets that are expensive to maintain and not being used but care needs to be taken that not all assets are sold. Assets in prime locations should be sold.

Using Office Space (11 comments)

The council needs to be careful in its approach of rationalisation to ensure there is a good level of face to face customer support. Staff should return to the offices for mental wellbeing and to monitor productivity.

Other comments (4 comments)

Other comments on this proposal were that more detailed information was required to decide either way, especially in regard to the relocation of the library.

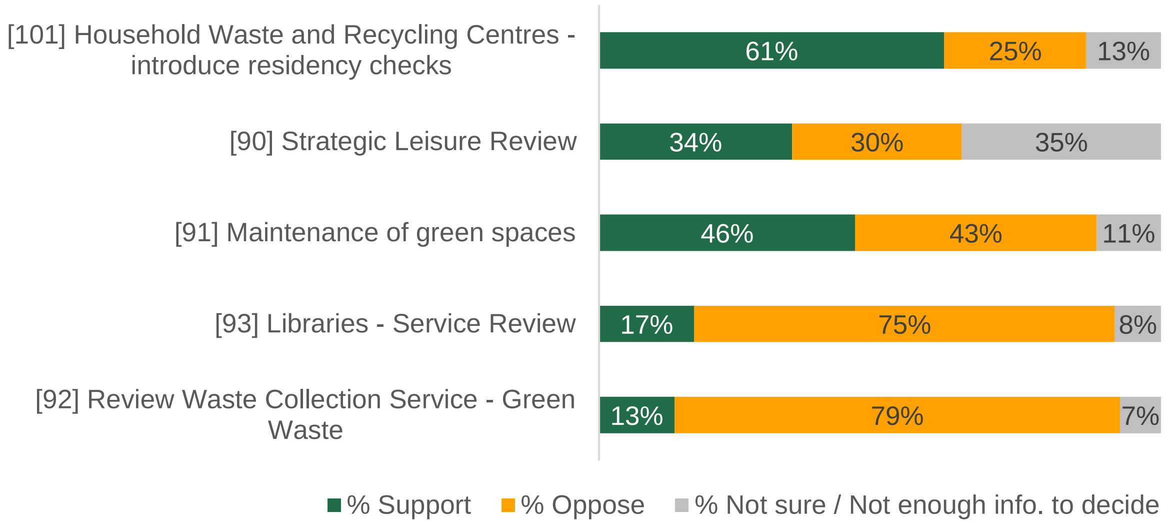
Environment & Communities Committee proposals

Net support or opposition for each of the 5 top Environment & Communities Committee MTFS proposals was:

- [101] Household Waste and Recycling Centres - introduce residency checks (36% net support)
- [90] Strategic Leisure Review (4% net support)
- [91] Maintenance of green spaces (3% net support)
- [93] Libraries - Service Review (-58% net opposition)
- [92] Review Waste Collection Service - Green Waste (-66% net opposition)

Levels of support and opposition for each of these 5 proposals is shown in the chart below:

Level of support / opposition for each of the key Environment & Communities Committee proposals:



Number of responses between 695 and 1,126

[101] Household Waste and Recycling Centres – Introduce residency checks

Net support = 36%

When invited to give reasons for their support or opposition to this proposal, 138 survey respondents made a total of 210 comments between them. These comments have been summarised below.

Support for the proposal (28 comments)

This seems to be a good idea – it won't cost much to implement, will encourage people to make less trips, and works well in other areas (such as in Cheshire West & Chester or on the Wirral). It should happen anyway, given other areas have already adopted this approach. This proposal is supported if it ensures local Household Waste Recycling Centres are kept open.

The benefits don't seem to outweigh the costs, this seems "petty" (66 comments)

As this proposal will only save £21,000, it doesn't seem worth it, it seems "petty" and nonsensical. The proposal will create hassle and waste time for residents, as well as for on-site staff, only for a very small saving. It seems like insignificant gain at great inconvenience to residents and staff that will only antagonise people. Won't the extra administration costs of delivering this proposal outweigh the benefits? It seems like pointless bureaucracy.

This proposal will lead to increased fly-tipping (41 comments)

This proposal, alongside other proposals such as charging for green waste collection, will lead to more fly tipping. Any barriers to waste disposal just increase fly tipping – we need to be encouraging everybody to take waste to recycling and waste sites, whereas putting more and more restrictions on people will only lead to more fly-tipping. Some areas (Crewe for example) already have issues with fly tipping and littering which needs to be addressed whether or not this proposal goes ahead. There is considerable reliable evidence to show these measures already introduced in other areas causes the public to fly tip and use public bins instead.

Checks must not deter people from visiting (22 comments)

Any residency checks have to be easy and must not increase waiting times – they must not deter people from visiting HWRCs. It is not clear how the HWRCs would manage this without causing unnecessary queues. This feels a little like "Big Brother" – asking everyone where their papers are? No thanks.

People should be able to use the HWRC nearest to them (16 comments)

It makes more environmental sense if people can use the HWRC that is closest to them, even if that is over the border in another council area. The council should look to partner with its neighbour Local Authorities to harmonise regulations, and actively encourage cross-border access to HWRCs where doing so would improve services or reduce costs overall, similar to the model used in Greater Manchester. The proposal will lead to a reduction in recycling, when the council should be encouraging people to dispose of their rubbish themselves correctly rather than discouraging them!

What evidence of residence will be required? (15 comments)

What evidence of residence will be required when visiting a HWRC? Would a driving licence suffice, or would they require a pass or residency card which would cost money.

Perhaps a free residency card could be supplied, which could also be used at libraries and in local car parks, and which was automated via a scanner, such as systems used in some London council areas. Or maybe automatic number plate recognition to identify the vehicle's registered owner's address. How will personal data be protected through such a scheme?

Do we know how many people this will affect? (14 comments)

Have we got evidence to show if this is a problem, how big a problem this is, and evidence to show this proposal is needed? How many non-Cheshire east residents travel to Cheshire East to dispose of waste, is this really needed? What % of waste in HWRCs is from outside of Cheshire East?

Other comments (8 comments)

Other comments on this proposal included:

- The local HWRC is not good, a lot of waste is either not accepted or you are charged extra for it (2 comments)
- Congleton HWRC needs reopening / replacing, it should never have been shut (2 comments)
- Don't close HWRC sites – Poynton in particular (2 comments)
- HWRCs should accept small amounts of building material (1 comment)
- Don't increase Council Tax, people can't afford it (1 comment)

[90] Strategic Leisure Review

Net support = 4% support

Oppose proposal 90 (35 comments)

Oppose merging existing services into less buildings as it limits access to some residents. Merging services will mean the loss of some leisure facilities which need to be retained. Maintain Poynton leisure centre/swimming pool. Maintain Macclesfield Community Hall / Leisure Centre. Maintain Nx Brine Pool for health and tourism benefits. Swimming facilities need to remain for public safety reasons. Concern Lower income households will be more harshly affected by service reductions. Instead of merging leisure facilities; Provision of public transport to existing services to promote use, Further promotion of existing services to bring in the revenue necessary to fund, Reduce fees for using leisure services in order to encourage further use overall, subsidized rates for children & elderly, Collaborate with neighbouring councils to provide cross border services, Increase fees to some service users to cover costs.

Current service insufficient (23 comments)

Leisure facility provision in CEC already insufficient before proposed funding reduction. Leisure/Health facilities are too vital to be reduced at present. More funding required for leisure service to meet current demand. Lack of funding for this service will lead to greater costs in the long term due to poor health.

Concern for public health and wellbeing (19 comments)

Public health crisis means these facilities are all already not meeting the public demand. With ageing population, more access to leisure centres in CE is required. Healthier population will mean less strain on other services, particularly the NHS. Facilities provide physical and mental health benefits.

Further information required (11 comments)

Further information required on funding reasoning/efficiency to comment on these proposals. Point 90 unclear. Why is there such a large growth in 2024/25. How do these proposals align to public health targets. Too much jargon language used to understand what is being proposed and its reasoning. How will this affect leisure facilities tied to schools.

Other comments (9 comments)

- Private sector should be approached to provide services in collaboration / sponsorship (3 comments)
- Oppose building of new hubs to house multiple services, existing structures should be used instead (2 comments)
- Cannot afford Council Tax Rise (2 comments)
- Heating in Council buildings should be reduced (1 comment)
- Funding should be given to local groups to provide these services (1 comment)

[91] Maintenance of green spaces

Net support = 3% support

Oppose proposal 91 (58 comments)

Current level of maintenance to CE green spaces is insufficient. Green spaces should be maintained to a greater standard to promote informal leisure and exercise. Grass verges are already too overgrown in places. Rewilding is a poor excuse for reducing funding. Funding reduction is too much too quickly and will result in staff reductions. Changes will have detrimental effect on areas aesthetics, reducing local pride and tourism. Need for further information to comment on these proposed changes, publish Carbon Reduction Analysis, why do savings decrease overtime?

Support proposal 91 (50 comments)

Support reduction in funding as many green space facilities are not used enough to justify the expense. Support rewilding and less grass cutting to increase biodiversity, wildflower growth and contribute to CEC carbon neutral efforts. Support as reduced maintenance will result in savings for CEC. Reduce/eliminate use of harmful weedkillers. Support transfer of verge maintenance to ANSA. Cease maintenance of non-CEC owned land.

Basic level of maintenance (41 comments)

'Basic' level of maintenance needs to be continued for safety and to ensure access to green spaces continues. Bins need to be emptied. Management of green spaces important for flood management. Concern proposal will lead to green spaces being neglected in the long term. Less maintained green spaces will dissuade resident from using these spaces.

Resident Wellbeing (36 comments)

Green Spaces integral to physical and mental health, especially for children, families, and the elderly. Continued access to green spaces can offset the effects of cuts to other local health facilities. Green spaces provide venues for sports and socialization.

Limited Rewilding (25 comments)

Rewilding needs to be managed and not the result of neglect. Staff need to be retrained for this role. Rewilding efforts should be limited to certain areas, retaining public access for other areas. Too little maintenance in areas may attract anti-social behaviour.

Voluntary Support (18 comments)

Local groups and communities need to be informed and included in rewilding efforts. Residents willing to assist with wildflower planting and limited green space maintenance. Residents should be consulted on whether specific green spaces should be subject to rewilding.

Tree Planting (8 comments)

CEC needs to plant more trees to achieve carbon neutral goal, this should be included in rewilding efforts. Restrict number of trees being removed.

Private Sector Support (7 comments)

Private sector should contribute to maintenance, through compulsory contributions or via sponsorship of green spaces. Increase green spaces required in any new developments.

Other Comments (5 comments)

- Specific efforts needed to encourage bees (1 comment)
- Maintain Countryside Ranger Service (1 comment)
- Recreation Centre in Bollington is important (1 comment)
- Remove golf area of South Park for safety (1 comment)
- Macclesfield residents affected disproportionately (1 comment)

[93] Libraries – Service Review

Net support = -58%

When invited to give reasons for their support or opposition to this proposal, 385 survey respondents made a total of 1,240 comments between them. These comments have been summarised below.

Do not reduce library services or opening hours (102 comments)

Libraries seem to be busy. Libraries are vital. Libraries should be considered critical national infrastructure. This is a disgusting proposal.

It is a false economy to reduce opening hours, as people will be driven to require services elsewhere. These facilities provide so much benefit to so many, even though that benefit isn't necessarily directly measurable.

"There are some things you just cannot put a price on, and public libraries are one of them."

One way to increase the wealth in an area is a well-resourced library. For every pound invested in libraries you get many more back in terms of the health, wellbeing, safety, education, digital access and sense of community provided by libraries. They help prevent further costs down the line by improving people's mental health, helping them access services online, and providing a free, safe, warm space for everyone. The amount saved by this proposal is relatively small in comparison to the potential long-term harm to the community. The financial cost of libraries is far outweighed by the support they give to the local community.

“There is no appreciation of the value of libraries in the upper echelons of the authority to urban and rural populations. They put the best face on the council and remain an indispensable service and should be comprehensively supported in this difficult time.”

If you want support for your administration, support the libraries.

“If you reduce the hours to this much cherished place I for one will be absolutely devastated, and am prepared to protest it as much as possible.”

A reduction in opening times could mean less people use the libraries which then causes further reduction in hours and the downward spiral could cause the eventual closure of the libraries.

Do not cut libraries as they have become community hubs (179 comments)

Libraries have become a very necessary part of life, libraries aren't all about borrowing books these days, they have become community hubs, providing socialisation, with a core of people who visit each day, spending much of their days in the library. Libraries are vital services in the community, not only as cultural hubs but also as socialising hubs. Libraries have evolved to become "social hubs" over the years and surely this has been a beneficial means to combat loneliness and isolation. Libraries are fun places to be, providing a safe public space for all.

The library is a lifeline to a lot of people and makes a huge difference to individual lives. Reducing the hours libraries are open will have a negative impact on the lives of residents.

“Libraries are accessible to all age groups regardless of income or background in a safe environment that the public trust.”

Libraries are one of the only places where you can go out to and you're under no expectation to spend money, which is especially important when the cost of everything, including Council Tax, is already very expensive and increasing.

“Many families cannot afford trips out at the weekend and evening to play centres and cinemas and the library is such a positive and fulfilling place to go.”

Cheshire East has been way ahead of the curve with delivering services in libraries and transforming them into community hubs that are an essential part to both the communities themselves, and to the council's offer to said communities. It is saddening that the council could place all of the essential community services into libraries, only to then close those libraries for any period of the week.

"The library as it is should be seen as a cornerstone of the town centre and an institution of which we should be proud of and keen to protect."

Do not cut libraries as they inspire literacy and learning (93 comments)

A reduction in service limits access to books, especially for children and for families that can't afford to buy books. This in turn limits literacy and learning. The learning resources the library has available is so important for child's education, reading allows access to the world, The joy of reading and the associated education for future generations should never be underestimated. Children's education has suffered enough already, especially during covid. Children love visiting the library.

Do not cut libraries as they provide activities and groups (61 comments)

Cutting libraries would remove access to the current wide range of activities, groups and clubs they provide, including rhymetime, storytime, lego club, baby and toddler classes, book clubs, craft groups, family history groups, reading sessions, music sessions, sensory activities, musical performances, art installations, language classes, coffee and chat groups, chess clubs, after school clubs, and jigsaw exchanges.

Do not cut libraries as they are designated "warm places" (61 comments)

Reducing library opening times would make a mockery of libraries being designated warm places.

Do not cut libraries as staff provide advice, help and council services (57 comments)

Residents appreciate being able to get council help face to face, especially residents who aren't confident online and on the phone, and libraries are the last place left for people to interact with the council face to face. Libraries have a dual function as a customer service point as well as a library. Libraries should be the councils front window, important council hubs, the heart of contact with the council for residents. Libraries are one of the few places left where people can speak to a council worker face to face and without an appointment.

"Reducing opening hours will further distance Cheshire East from the communities it purports to serve."

The expertise and friendliness of library staff is greatly appreciated, staff are very well qualified to help, and provide a lot of advice and help. The hard working and multi trained library staff signpost customers to services on a wide range of issues including safeguarding, Citizens Advice, support with access to emergency housing, shelter and food. They also help with Blue Badges, bus passes, railcards, benefit scans, Cheshire Home Choice, parking fines, alley gate keys, photocopying, printing, completing the census online, helping with applying for ID, processing documents, DBS checks for Ukrainian host families, and increasingly filling the gap left by social care.

“Libraries have been at the forefront of delivering many council initiatives from the current Warm Places, to providing pick up points for free supplies for Ukrainian families arriving locally, winter warmth supplies for the vulnerable, contact point for delivering hot meals to local people.”

Do not cut libraries as this will remove access to public toilets (7 comments)

Do not cut libraries as this will impact families (93 comments)

Traditional opening times of Monday to Friday 9 till 4 are useless to a modern families. Libraries provide very important roles in the lives of families, as places to go as a family and share the joy of books.

"As a family with two young children Wilmslow library is central to our daily life.”

Families visit and socialise with other families and friends using the library and it is invaluable. It’s also a very important service to new mothers and young families with their free classes and access to free books for children.

Do not cut libraries as this will impact vulnerable residents (82 comments)

Vulnerable residents rely on their local libraries for warm spaces, socialisation, and council services. Libraries are places of refuge for young people, the elderly, the housebound, the poorest / least affluent, the homeless, those living alone, the lonely, the isolated, people new to an area, and those with mental health issues.

This proposal is discriminatory as it would adversely affect those most in need disproportionately more than others and would therefore fail to meet equality requirements.

Has the council conducted an Equality Impact Assessment on this proposal and considered how it affects the council’s ability to meet its obligations under the public sector equality duty? This policy could cause significant detriment to those with shared protected characteristics, such age (older and younger people who has the library services), race, disability, and pregnancy and maternity, as well as having significant impacts on social mobility and digital inclusion.

Do not cut libraries as this will impact the digitally excluded (31 comments)

Libraries provide vital computer access, free internet / wifi and IT buddy services, which are invaluable for those that are digitally excluded.

Do not cut libraries as this will impact full time employees (20 comments)

Do not cut libraries as this will impact students and young people (14 comments)

Including those who come to libraries after school to do study and do their homework.

Do not cut libraries as this will impact those who work from home (3 comments)

Libraries provide respite from the isolation of working from home.

Do not cut the libraries book budget (22 comments)

Not buying new books would eventually lead to old, tatty stock which wouldn't be borrowed, leading to a reduction in footfall – it is vital to invest in new books.

"The high success of CE libraries compared to their unitary authority peers should not be jeopardised by ill-considered budget cut to book funds."

Perhaps more residents could be encouraged to donate more books to their local libraries? Could a formal rota be generated to swap more books between different Cheshire sites to help keep up visitor interest?

Do not cut the libraries newspaper budget (9 comments)

Don't cut the newspaper budget, there are only 2 newspapers in my local library and there is already a queue for these. Maintaining the e-library offer will be important if you wish to reduce the book fund and newspaper budgets. Could libraries across the country join together to negotiate purchase of online magazine and newspaper subscriptions. Perhaps only have newspapers at the larger libraries.

Do not cut library hours on Saturdays (163 comments)

By all means shave time off each day in the week but do not totally remove access at a weekend. This would deprive access for families that work through the week. Saturday mornings are a peak family time to visit the library and immerse children in books and play, it's when families do their weekly book swap as they can't visit during the week. Saturday closure would be awful and truly detrimental to many families with young children.

Saturday morning is when libraries are at their busiest – why would you close them on this day when it would completely exclude those who work during the week from accessing the service. Reducing library hours, especially at weekends, would lead to significant drops in visitor rates and would likely end up in future with Cheshire East council arguing that reduced visitor numbers mean the library isn't needed.

Rather than reducing hours perhaps review the hours of opening so that they are more in line with peoples working life! Saturday opening should be retained as a priority service.

Do not cut libraries in the evenings (33 comments)

Late evening hours allows families and full time workers to visit. Seriously consider a later start in the mornings balanced by later finish in the evenings (only one late evening a week is not enough so don't cut that either!).

Do not cut library provision at the following libraries:

- Macclesfield (17 comments)
- Nantwich (14 comments)
- The Mobile Library – The mobile library provides a well-loved and well used rural lifeline for poorer people in areas that are badly served by public transport. Think a very necessary service, and we would not like to see it stopped (13 comments)
- Poynton (10 comments)
- Wilmslow (8 comments)
- Bollington (4 comments)
- Crewe (4 comments)
- Handforth (4 comments)
- Holmes Chapel (4 comments)
- Disley (3 comments)
- Sandbach (3 comments)
- Congleton (2 comments)
- Knutsford (2 comments)
- Middlewich (2 comments)
- Alsager (1 comment)

Invest more in libraries, don't cut them (30 comments)

Invest in libraries rather than reducing them, increase their opening hours.

"A reduction in opening hours would be a poor reflection on the council's attitude to what should be a cherished institution at the heart of community life."

Encourage people to go to libraries, don't put people off and make the service unavailable. Promote libraries better. Opening libraries longer stops people going to pubs and betting shops, and prevents youths / young people from wandering the streets.

Don't relocate / co-locate libraries from their current buildings (13 comments)

Co-location has to be done carefully. The relocation and co-location of Crewe library had a significant negative impact on the service offered and accessibility to the population. Don’t relocate Macclesfield library – relocating Macclesfield to the Town Hall would mean a smaller library, with less facilities and services. There is no mention in this proposal about moving Macclesfield Library into the Town Hall but there is elsewhere in the consultation, why is it not mentioned here?

Do co-locate libraries (10 comments)

In favour of colocation of libraries. Close library buildings and relocate modern suitably sized provision at leisure centres, community centres, childrens centres and day centres.

Make libraries more cost efficient

Libraries should actively generate extra income. Libraries could be utilised more effectively with correct investment. The potential for commercialisation needs to be explored. Libraries provide a wide range of services, much of it which is currently free of charge – wifi, book borrowing, activities, space for home working. Could nominal charges for such activities help keep libraries open? Even if these were voluntary contributions? (4 comments).

Boost library income by having café in them to sell refreshments. Have better catering and drink facilities. Attract more people by selling coffee and refreshments, particularly those that currently work from cafes (4 comments).

Rationalise staffing levels – Staffing could definitely be looked at, do we really need both managers and senior library assistants? The role the librarians play on Grade 6 is very similar to the role of library assistant Grade 4. It would be far cheaper to introduce casual workers again as done in the past rather than having too many permanent members of staff, a review of the way staff resources are utilized would identify savings (3 comments).

Other suggestions included:

- Hire out space, provide meeting room hire. Hire out the space for community group meetings & gatherings (3 comments)

- Bring outside corporations into libraries, engage with companies with profit margins like Bentley to obtain subsidy for the maintenance of the existing offer and the enhancement of library services in the future (2 comments)
- Pass libraries to town and parish councils to manage, especially those with low footfall (2 comments)
- Libraries and their services need marketing more effectively (2 comments)
- Allow libraries to set their own hours depending on need – more flexible opening hours would improve access (2 comments)
- Move library stock online to digital only (2 comment)
- Remove newspaper provision from libraries (1 comment)
- Charge more for reservations on books (1 comment)
- Work more with local schools and use space for extracurricular activities (1 comment)
- Automate libraries as much as possible, have self-service (1 comment)
- Turn down the heating to save on costs. Some libraries are too hot to use (1 comment)
- Provide more modern, flexible seating arrangements for people working from home and in need of a comfortable space/change of scenery (1 comment)
- Partner up with local schools & tutors to create learning hubs and homework clubs inside library facilities (1 comment)

Close libraries (32 comments)

Libraries could be cut and closed completely as they are underused and a relic of pre-internet age – this proposal does not go far enough. Closure of libraries should be considered as most are obsolete and provide service to a very small section of the Cheshire East community. There should be no further funding of libraries until adult social care and childrens' services are receiving above inflation budget increases.

Close some of the smaller libraries. Where libraries are situated in close proximity to each other, the smaller, low footfall libraries should close to save book budgets and loss of Saturday hours. Close the mobile library.

Support closure of libraries 1 day a week or late night, if there is significant data showing low footfall / use of provision. This is preferable to complete closure.

Improve the consultation material (3 comments)

- Consultation material should be made available in paper format, to not do so is not compatible with Cheshire East's Digital Inclusion policy
- There is not enough detail to comment on this proposal (1 comment)

[92] Review Waste Collection Service – Green Waste

Net support = -66%

When invited to give reasons for their support or opposition to this proposal, 267 survey respondents made a total of 475 comments between them. These comments have been summarised below.

Environmental Impact (216 comments)

This is completely at odds with the council's commitment to be carbon neutral and green. Will lead to more green waste being placed in black bins and sent to landfill instead of being turned into something useful. Nonsensical given the recent changes to food waste going into the green bins, a massive retrograde step to place this waste back into the black bins. Seems to be at odds with the government policy recommendations around charging for waste collections.

Impact of Green Waste Charges (119 comments)

This will lead to an increase in fly-tipping which will cost more to clear up than the savings brought in by the charge. Will lead to increased vehicle usage to the waste sites, are the waste sites equipped to cope with this?

Financial Commentary (105 comments)

This should be a service covered by council tax by default, this is a stealth double taxation of households. Against the extra cost or could not afford the extra cost at this time. How will this affect households already paying for additional green waste collections?

Alternatives to Charges (27 comments)

Black waste collection frequency could be decreased to three weekly or monthly or the reduced winter garden collection be brought back. Charges could be made for those with larger bins and food waste bins should be stopped. Communal collections for green waste could be introduced plus help for home compositing. The council should capitalise on the income stream from collected green waste, especially given the investment in Crewe.

Impacted groups (8 comments)

This will have a disproportional impact on those on lower incomes who could not afford to pay and those who do not have access to transport to get to the waste sites such as the elderly.

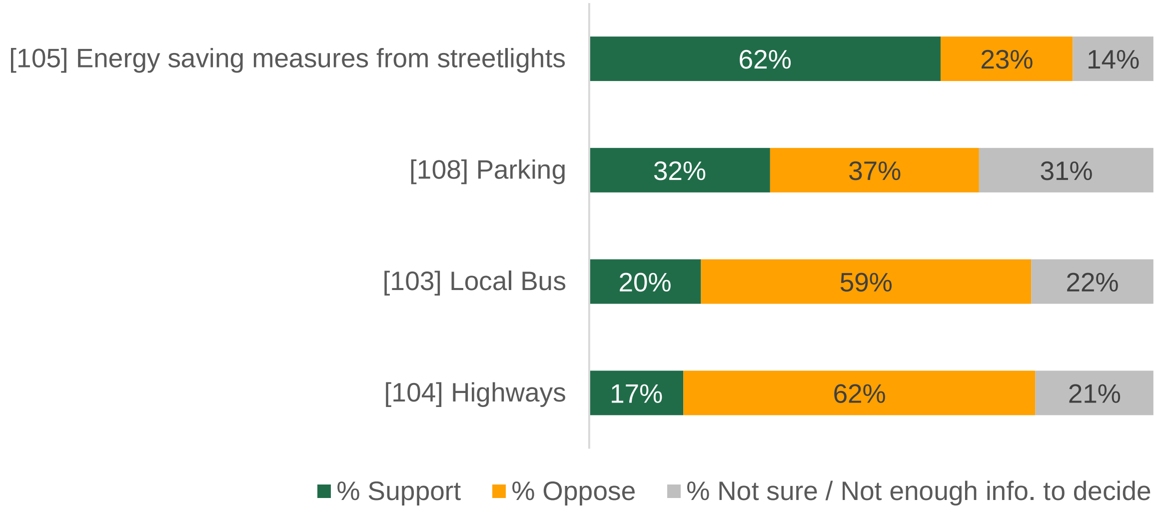
Highways & Transport Committee proposals

Net support or opposition for each of the 5 top Environment & Communities Committee MTFS proposals was:

- [105] Energy saving measures from streetlights (39% net support)
- [108] Parking (-5% net opposition)
- [103] Local Bus (-39% net opposition)
- [104] Highways (-46% net opposition)

Levels of support and opposition for each of these 5 proposals is shown in the chart below:

Level of support / opposition for each of the key Highways & Transport Committee proposals:



Number of responses between 748 and 826

[105] Energy saving measures from streetlights

Net support = 39% support

When invited to give reasons for their support or opposition to this proposal, 134 survey respondents made a total of 159 comments between them. These comments have been summarised below.

Opposition to the proposals (87 comments)

Massive impact in terms of safety for both pedestrians and cars, especially in rural areas. Great concern expressed from lone women in urban areas who would not feel safe walking after dark. Concerns about the increase in crime, especially in relation to burglaries.

Lighting comments (19 comments)

A swap to solar energy should be made to provide greener lighting. The maintenance of existing lighting should be reviewed and improved, some reports have taken over two years and still have not been resolved. Areas need more lighting not less, could add more LEDs. Concerns about LED lights and the beam spread, and general brightness is too dim/not good.

Benefits of the proposal (43 comments)

General support for this proposal as a viable way for the council to save money. Could be further expanded by requiring businesses to turn off their lights in the evening. Would be good to reduce light pollution and help with darker skies at night. Review whether existing lights were actually required. Variable lighting or variation in lighting periods could be a good solution (such as less lighting in the summer, over different time periods in the evenings, alternate lights being turned off with consultation from those in the local area).

Other comments (10 comments)

This responsibility should be devolved to parish councils. The proposal does not save enough money to be worth the disruption. More information needed about the location of the lights being turned off/changed. Don’t increase council tax, could not afford it.

[108] Parking

Net support = -5%

When invited to give reasons for their support or opposition to this proposal, 199 survey respondents made a total of 389 comments between them. These comments have been summarised below.

Provide free / cheaper car parking in Cheshire East (49 comments)

Opposition to car parking charges or increases – Car parking costs in CE are ridiculously high, especially as Council Tax is going up 5%. Car parking should be free across all of Cheshire East to stimulate local economies.

Revenue lost through cheap parking would be gained through increased income from business rates if shops are open and viable. The council should generate income from developers or rates instead.

Proposals to increase parking charges must come with an impact assessment of the proposed increases on each town.

More car parking is needed in Cheshire East (12 comments)

Parking provision in CE is limited anyway, especially given the amount of development going on. CEC should also consider how planning and the need for services such as car parking are integrated, far too often we allow development only to see a lack of parking provision, or public transport. Cheshire East needs to search for ways of storing cars off roads that are still convenient for people.

Parking charges would lead to an increase in illegal parking / parking on residential streets (11 comments)

And this would lead to general mayhem for residents. If charges are imposed or increased, action would be needed to address this, including resident parking schemes. Show consideration for local residents.

Free car parking should be part of the council's regeneration plans (6 comments)

The council says that one of their midterm financial strategies is to spend £48.1 million on town centre regeneration – a key place to start with regeneration would be to have free car parking, to encourage trade and support town centres following the pandemic.

Car parking should be free (8 comments):

- For the first 30 mins / 1 hour / 2 hours / 3 hours
- After 3
- On Saturday
- For residents

Car parking charges discourage town centre visitors and reduce footfall (88 comments)

Car parking charges will kill off the high street even further, increasing parking charges is the opposite of what's needed at this time after the pandemic. Shops need customers. Do we really want another Stockport situation where parking fees was a factor in driving people to retail parks?

"Visit Urmston they manage to NOT charge and have a very vibrant shopping centre with all types of major stores…"

"Take a look at Leek - a thriving market town and they keep their parking charges low."

Local towns have lost large retailers and are becoming ghost towns. To charge more to park would deter people from coming all together. There is no point in introducing / increasing car parking charges when our town centres have no shops.

"Paying to (park to) come and have a coffee because the shops have all shut is ridiculous."

"We have only lived in Sandbach for 3 years, but there is little doubt in our minds, nor those of our visitors who frequently comment, that free car parking is a major contributor to the vibrancy of the town centre."

"On a recent trip to the Cotswolds for 4 days I paid no parking charges at all. The towns were really busy and local people made more frequent visits."

This Authority needs more tourism, not less – people in Staffordshire no longer come to Nantwich to shop because of the high cost of parking and lack of parking.

People will go elsewhere where parking is free (21 comments)

People will go to Handforth Dean, Cheadle, Barracks Mill and to other large "out of town" retail sites that offer free car parking rather than Macclesfield Town Centre, people will go there instead. Charging for parking will drive people away to out of town retail parks where parking is free and plentiful, and will be the death-knell for our already struggling high streets. Perhaps when the council approved out of town complexes such as Lyme green and Barracks Mill it should have made them subject to parking charges. Why are only town centres subject to parking charges?

"I'll just go outside of Cheshire East and spend my money elsewhere. Watch the town centres decline. Stupid idea."

Parking charges have had, or will have, an impact on our local towns, including:

- **Macclesfield** – The town centre is getting worse, the high street has been hit hard post-covid, the town centre is dead, shops and banks have closed, it is very run down and neglected. You can count the major stores in Macclesfield on the fingers of one hand, the running down of the town centre is due to the current parking charges. Now that the council has successfully decimated the town centre, how does it think it appropriate to charge people more money for parking to visit a ghost town? How will that encourage visitors? Parking in Macclesfield is significantly more expensive than in Wilmslow...how is this justifiable? (26 comments)
- **Crewe** – Cheaper car parking would support regeneration of the town, it's not fair Crewe bears the brunt of parking charges. In Crewe, the town centre has been decimated by parking charges and now by demolition that might not

result in re-building – why we need a multi-storey car park defies belief, what would people want to come to town for exactly? Crewe has become a cash cow (11 comments)

- **Nantwich** – It's not fair Nantwich bears the brunt of parking charges. It is not right that you have to pay to park by Nantwich health centre if you have a Doctors appointment (6 comments)
- **Poynton** – It is not a large town and would be negatively impacted by car parking charges (6 comments)
- **Alsager** – In Alsager free parking is critical to the use of services such as the library, community centre etc (2 comments)
- **Wilmslow** (5 comments)
- **Congleton** (2 comments)
- **Knutsford** (1 comment)
- **Alderley Edge** (1 comment)
- **Middlewich** (1 comment)
- **Bollington** (1 comment)

Parking charges must be consistent across Cheshire East (40 comments)

Why should some towns subsidize those which have free parking? Having no charges in some towns, and charges in others makes it completely unfair and discriminatory. Why isn't it fair across Cheshire East? Why was the decision to start charging in some towns reversed? It is no longer acceptable for some towns to have free parking whilst others pay. It is essentially forcing people to shop in those cheaper / free parking areas whilst other towns decline due to lack of use.

…but charges have to be variable from town to town (11 comments)

Towns with lower footfall like Crewe should have lower charges. Small towns can't be compared to other larger towns in Cheshire East, and so shouldn't be charged the same for car parking. Communities and their parking needs and the reasons for them are not equal – different towns have different uses and needs for their car parks. Some towns have a better offer than others. Why do some town centres have free parking like Alsager, Sandbach, Bollington, Middlewich, while others charge?

Parking charges should be designed to encourage public transport use, but only if public transport exists! (25 comments)

If you increase parking cost you must increase public transport, active travel, cycling and walking facilities. You can't reduce public transport and increase parking costs at the same time – MTFS proposal 103 seeks to reduce public transport funding, and this proposal wants to increase car parking charges!

“For 5 years we fought against the need for a second car. The reduction in bus timetabling to get out of Bollington to surrounding areas have resulted in us (purchasing) a second car.”

If we had more reliable local public transport or park and ride we would not need as many cars on the road in return reducing the need of car parks and becoming more sustainable.

More information is needed to understand this proposal (20 comments)

What does this proposal mean, it’s very vague? More detail is needed. Use less jargon, and more plain English.

“The summary is complete gibberish – what does it actually mean in plain English?”

Reading through the confusing language of the proposal, I assume that means an increase in parking charges? You're just looking to raise revenue.

“This will be a cash cow, where will the revenue go that is raised???”

Please re-read your written description of the proposal, what on earth are you trying to say? Are we going to pay more or less for parking? Is it going to be consistent across the Borough?

Support for the proposal (10 comments)

The proposal could go further e.g. controlled parking zones and climate levies for diesel fuelled cars. Car use needs to be cut.

Other comments (25 comments)

- Enforce illegal parking better, use more CCTV to reduce on the ground staffing (5 comments)
- Pass car parks onto town councils – Let local councils set parking charges depending on their needs, they understand the local area better (5 comments)
- Increase revenue by having more enforcement officers, by having larger fines for illegal parking, by having parking meters and residents' permits (3 comments)
- Zonal parking – Support and queries about what it is (3 comments)
- Digital payment methods exclude those who don't have smartphones (2 comments)
- This is an attack on car users (2 comments)

- All car parks must have EV charging points (1 comment)
- Have shorter time slots for parking available to increase turnover (1 comment)
- “Unprecedented”...really??? (1 comment)
- Medium / long term car parking should be discouraged. Short term car parking free (1 comment)
- Increase resident permit parking schemes (1 comment)

[103] Local Bus

Net support = -39%

When invited to give reasons for their support or opposition to this proposal, 188 survey respondents made a total of 316 comments between them. These comments have been summarised below.

Against the proposal (233 comments)

Buses are an essential service, and no cuts should be made to the budget here. They support both physical and mental wellbeing for all members of society and are a much needed and well used service. Not everyone has access to a car and the council should be looking to discourage car use which this proposal is counter to. There are currently not enough bus services locally especially in rural areas or an evening service so greater investment is actually needed. By making the service less reliable there will be less users generally meaning fewer viable routes.

Impacted groups (32 comments)

Will have a disproportionate impact on those in rural areas who already have an extremely limited service on which they are dependent. Will also have a large impact on those in lower income groups and the elderly.

Considerations or alterations to the proposal (31 comments)

Services with a low number of users should be considered for reduction. Greater control over the bus service providers should be reviewed, if they are making profits on the popular routes these should be used to offset the less popular routes rather than relying on a subsidy from the council. Better cross border services are needed for fringe areas of Cheshire East. Could smaller or electric buses still retain routes that are less used, more on-demand transport in rural areas.

Financial commentary (20 comments)

Could payment schemes like those used in London be integrated to encourage more users to a streamlined system. More information needed around the services to be removed and a general confusion around how an increase in spending can lead to a reduction in service provision. Greater levels of central government support should be fought for. Parking charges should be increased to fund bus provision.

[104] Highways

Net support = -46%

When invited to give reasons for their support or opposition to this proposal, 213 survey respondents made a total of 342 comments between them. These comments have been summarised below.

Road condition (190 comments)

The roads are in too poor a condition to take any reduction in service at this time, much damage has been done to cars due to the number of potholes and poor carriageway condition. Not spending in this area will lead to increased safety risks to both vehicles and people.

Highways Provision (76 comments)

The quality of repairs should be increased rather than having to visit the same problem over and over. Road works schedule needs reviewing to prevent overlap in some locations. Flooding a risk for much of the borough and not enough is being done to mitigate this. The current highways provider should be removed or controlled to ensure repairs are completed timely and to a good standard. Roads need to be cleaned as well as properly maintained. All new roads should be put on hold and this finance diverted to maintain the existing network. Specific jobs needing attention were raised in various locations.

Financial Commentary (60 comments)

Greater investment in the road network is needed, not less, this will have benefits in the long term rather than a short-term gain. Permit control is a good idea to help raise funds. More should be spent on public transport and active travel methods to ease the amount of traffic on the roads. Less money should be spent on vanity projects, more focus on road repair. Savings should be made elsewhere in the budget, this is a key service.

Alternative Proposals (9 comments)

Impose greater charges on businesses that put a high number of heavy goods vehicles onto the roads which speed up degradation. Greater control of on-road car parking, especially in residential areas near to workplaces. Charge the housebuilders for the increase of vehicles caused by developments. Ask the ground team undertaking repairs if they have any ideas for improvements. Tighter control and restrictions on utility companies causing damage to roads.

Other comments (9 comments)

Other comments on this proposal were that more detailed information was required to decide either way, especially in regard to increasing income from licensing and permits.

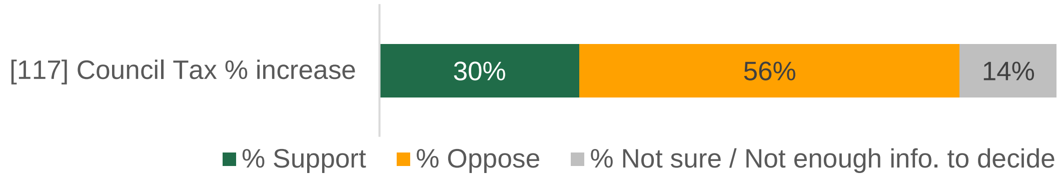
Finance Sub-Committee proposals

Net support or opposition for the top Environment & Communities Committee MTFS proposal was:

- [117] Council Tax % increase (-27% net support)

Levels of support and opposition for this proposal is shown in the chart below:

Level of support / opposition for the key Finance Sub-Committee proposal:



Number of responses = 810

[117] Council Tax % increase

Net support = -27%

When invited to give reasons for their support or opposition to this proposal, 204 survey respondents made a total of 287 comments between them. These comments have been summarised below.

People cannot afford a 4.99% Council Tax increase (112 comments)

Some residents including workers, OAPs, people in single households, those on minimum wage, and those in band A and B households cannot afford a Council Tax rise of 4.99%. This increase is too big – Council Tax is far too high already! This is the wrong time to increase Council Tax. Stop flogging residents. We already had an increase last year and now to increase it again would be insulting.

"Every year Cheshire East increases the council tax by a higher percentage than our wages increase, at some point something has to break, this is completely unsustainable."

Now fuel costs are declining a 5% increase is unfair, this proposed Council Tax rise will push even more people into poverty and misery, is this what Cheshire East Council is trying to achieve?

"I have no heating on and (am) not sure what else to cut"

“We will have to sell our house if council tax increases by another large percentage, as will many others.”

This will increase dependence on benefits, it will cause a lot of negative feeling. Will there be safeguards for those on benefits and vulnerable people to make sure the increase is not going to push them into poverty?

There are no benefits to this proposal (50 comments)

It’s confusing that Council Tax is going up, but services still need to be cut?! There are no benefits to this proposal – you want to increase Council Tax but reduce bin collections, reduce library opening hours, turn street lights off, nor repair roads e.g. cut everything and make us pay more?

“You want to not repair the roads, and you want to turn off the street lights…and then you want to charge us more each month for the services you are reducing. I think it’s ludicrous.”

The town is falling apart, potholes everywhere that aren't fixed, missed bin collections, teenagers running amok and your proposal for this is to increase costs and make cuts when things are already falling apart?

Council Tax is getting to be worse and worse value. It's not value for money.

Support for the Council Tax rise of 4.99% (29 comments)

Supportive of this Council Tax raise if it keeps services open, and provided money goes on important items e.g. highway repairs, buses, libraries, garden waste collections and adult social care, and not “woke nonsense”.

Supportive of a Council Tax rise, but only for higher Council Tax brackets, or with some other way of means testing to protect those who are already struggling due to the cost of living crisis – Some that can afford it would support a greater increase in higher council tax bands too.

The council must live within its means (26 comments)

The council must live within its means, be more efficient and stop wasting money. Too many services are being cut whilst money is being wasted. Efficiencies should be pursed and exhausted internally within all aspects of the council before lumping unjustified price increases onto residents.

“Efficiencies need to be made in how the council is run, review processes, staffing levels, increase automation etc just like all private sector companies have to do.”

It’s not more money the council needs, it’s greater efficiency and less bureaucracy and less red tape. Try harder in considering alternative income streams – be innovative and more commercially minded. Council tax continues to rise with little evidence of effective spending, money is wasted on dreams and inefficient programmes. Find savings elsewhere.

Reduce employee numbers and benefits (19 comments)

Before tax is increased, management numbers and the pay structure within the borough should be looked at, and be transparent for residents to see. Reduce management, staff numbers, cut pay rises, gold plated pensions, and councillor expenses, and stop early retirements.

Increase taxes on the rich (14 comments)

Make the super-rich pay more tax, or those with 2nd / empty homes in CE, or those with larger homes or in higher Council Tax bands, the current tax system is unfair and inequitable. There should be a higher proportionate increase for the higher Council Tax bands, and none for the lower bands – Council Tax is currently not based on ability to pay.

More information is needed (13 comments)

What are the real term consequences of 4.99% and 2.99% impacts compared against each other? Evidence of spending needed. There must be lots of cost savings to be had which would not impact on services to residents. Does the Council publish any such data? If so, it should share it with residents.

There is some confusion over the figures provided as to whether the increase is 4.99% + 2% or not. Some are not sure what is being suggested.

Don't always take the maximum CT increase when it is offered (6 comments)

Why does the council always opt for the maximum Council Tax increase they can in law? This policy has to stop.

Council Tax has to be just 2.99% next year (5 comments)

What guarantee is there it will be 2.99% next year? It has to be 2.99% in future years or be reviewed next year if possible if it goes up this year.

Other comments (13 comments)

Other comments on this proposal included:

- Clamp down on people who don't pay Council Tax when they should, decrease the amount of discretionary payments given to benefit claimants (3 comments)
- As a result of this increase I will spend less in the local economy (2 comments)
- Shouldn't money raised from new houses should cover costs? (2 comments)
- Tough times call for tough measures – Politicians have to be a bit tougher, explain the situation we are in and ask people to back them in plans to improve some services and perhaps close down others entirely or hand them over to the voluntary / charitable sector to sink or swim (2 comments)
- Freeze tax increases, as they will drive inflation even higher (2 comments)
- Use government grants to cover shortfalls instead (1 comment)
- Use Plain English – The use of acronyms no one understands is unhelpful (1 comment)

Conclusions

A significant budget consultation response

The response to the budget consultation this year has been extraordinary as compared to recent years – the high number of responses received highlights the level of feeling about the proposals in this year's MTFS, and is especially significant given the shortened timescale of this year's budget consultation.

Strong opposition to a Council Tax increase of 4.99%

Net opposition of -27% to a Council Tax rise of 4.99% is significant and highlights this is deeply unpopular among many residents.

This compares to net support of 11% to a proposed Council Tax rise of 2.99% last year – this year's Council Tax increase of 4.99% may make the council very unpopular, and such continued rises are felt to be unsustainable for many.

General support for the MTFS

That said, despite the high level of response, and the opposition to a Council Tax rise of 4.99%, there does seem to be a general support for proposals.

Of the 25 top proposals focused on in the survey, 12 received strong net[2] support, and none of the proposals outside of the 25 top proposals received significant levels of feedback or opposition.

This does suggest that the vast majority of the proposals in the MTFS for 2023 to 2027 are supported (109 out of 122 proposals).

Strong opposition to a handful of complex proposals

However, a handful of complex MTFS proposals either face strong net opposition, polarise resident opinion, are extremely nuanced, face strong localised opposition, or require more detail, and these include:

The most complex proposals in the MTFS for 2023 to 2027	Reasons for complexity
[92] Review Waste Collection Service - Green Waste	Strong net opposition
[93] Libraries - Service Review	Strong net opposition
[104] Highways	Strong net opposition
[103] Local Bus	Strong net opposition
[117] Council Tax % increase	Strong net opposition
[108] Parking	Polarise resident opinion, Extremely nuanced
[91] Maintenance of green spaces	Polarise resident opinion
[90] Strategic Leisure Review	Polarise resident opinion

[10, 20 & 22] Learning Disabilities Future Service Development and Review	Strong localised opposition
[24] School transport pressures	Polarise resident opinion
[11] Adult social care: Client contribution yield offsetting growth	More information required
[68] Office Estate Rationalisation	Strong localised opposition

Meaningful consultation and co-design of proposals

Given the potential impact these proposals could have on the future of Cheshire East communities, given the complexity of some of these proposals, and given the strength of opposition to some of them, it is strongly recommended that meaningful consultation on proposals takes place before they are adopted.

In order that proposals are successfully delivered, it is recommended that proposals are co-designed through pre-consultation engagement with relevant stakeholders and communities, prior to being formally consulted on for final approval. It may be there are viable alternative ways of making savings on all proposals which have not yet been considered.

Appendix 1 – Consultation event feedback

7 budget consultation events were held during January 2023:

Event	Date	No. of attendees
Town and Parish Council meeting (1 of 2)	12 January 2023	21
Trade Union Budget Briefing	16 January 2023	7
All Member Briefing (1 of 2)	17 January 2023	23
Town and Parish Council meeting (1 of 2)	24 January 2023	18
Manager Share and Support Session	31 January 2023	120
Cheshire East Business Forum	31 January 2023	15
All Member Briefing (2 of 2)	31 January 2023	28

During these meetings members of the council's Finance Team presented an overview of this year's budget consultation document. Below summarises the number of attendees at these events, and the feedback received. Feedback has been anonymised to protect the identity of individuals.

Town and Parish Council meeting (1 of 2) – 12 January 2023

Event host / chair: Jackie Weaver / Alex Thompson

No. of event attendees: 21

Q) Closure of libraries.

Has Cheshire East Council considered passing some responsibilities down to town councils to allow libraries to stay open longer? 2012/13 quite a lot of services were passed down to T&PCs but now the process seems much harder to pass service on (business cases needed etc). Areas of open space to stop being maintained – can this be passed on also?

A) All libraries are to remain open, but some reduced hours/days are proposed. But if T&PCs can fill the gap CEC is very open to the suggestion. We also need to make them more affordable overall in terms of heating/lighting etc. Re open spaces, CEC would also welcome suggestion for T&PCs to help maintain them. Hopes its not more difficult to localise facilities but need to refocus on the process (it has been lower down the agenda recently due to covid etc) and make it easier to make this happen.

Q) Congleton car parking charges

Last year there was a saving of £180k on winter gritting. Are other services suffering as a result such as fire/ambulance – extra accidents etc? Re parking changes, it is felt that Congleton suffers the biggest adverse impact of current car parking charging policy. What about elasticity of demand and impact on businesses?

A) Currently gritting in excess of policy and no proposal this year to change further. Parking – multiple ways to achieve changes to car parking income. Any studies to prove links of effect on towns and centres would be welcome if anything available? Cost to manage park cars etc is also increasing with inflation so need to make them more affordable with increases in charges etc.

Q) Potholes and highways maintenance.

It appears temporary pot hole repairs aren't lasting. Since Ringway Jacobs was given the contract in 2012 the standard of repairs seems to have gone downhill. Have CEC considered going back to inhouse maintenance? It cannot be profitable to run the service as it is. There is general despair at state of the roads. Does the council use HIPAS materials to make repairs?

A) The contract with Ringway Jacobs was renewed a few years back, and is a 15 year contract which it would be difficult to get out of early. We would need to identify levels of service to know if there is an issue with the contract. Cannot comment on quality of the materials. Will talk to the Head of the Highways Service to understand how they identify what works need doing on each pothole i.e. for safety reasons etc. Fixing on a temporary basis might not seem cost effective but may be necessary as the council has a duty to make emergency repairs quickly. Cannot comment on HIPAS materials – will take away (Jackie to take question back to Highways Committee).

Q) Car parking

The council should introduce more car parking for free days, or free after 3.30 car parks, to help town centre trade and parents etc.

A) If Town and Parish Councils can provide evidence that such schemes help increase footfall and trade etc the council will take a look. From what the council is aware no such evidence exists – some areas with high footfall also have high car parking charges for example. It depends on the town as well, we would need to look at every town individually.

Q) Presentation edit

There is a possible error on one of the presentation slides.

A) This is acknowledged and will be corrected.

Trade Union Budget Briefing – 16 January 2023

Event host / chair: Jane Burns / Alex Thompson

No. of event attendees: 7

The Trade Unions represented by event attendees included:

- Unison
- NASUWT (The Teachers' Union)
- GMB
- NEU (National Education Union)

Q) Does the council get to keep 100% of the Council Tax (CT) it collects?

A) There are a number of elements to CT – police, fire etc, but other than that CE does retain 100% of CT.

A) There is a CT support scheme to help lower the CT bill for those on low incomes. We reviewed that scheme, and when we did some people, including those in the poorest neighbourhoods, are now eligible for 100% CT relief.

Q) Are you confident the proposed saving figures are accurate?

For example we have been led to believe the ICT saving figures may be grossly underestimated, according to colleagues.

A) We do as much due diligence as we can, but through consultation we will find some things won't go ahead or will be more expensive that forecast. However, we don't have a lot of reserves to fall back on and so our forecasts can't be too wrong – if things are going to be more expensive, we will have to find money to make up for it elsewhere. We need to know things like this as part of the consultation so we can prepare for it.

A) The council has to set a balanced budget. The Chief Financial Officer has to be satisfied that everything is balanced. We have to minimise costs as much as possible this year.

A) ICT is overspending by over £2.5 million this year. Not having a balanced budget is not an option. We're on different paths with CW&C, we have different priorities and different financial priorities. We bench mark differently. We over rely on agency staff. Not a surprise we now need to say we can move to a new decision. This consultation is about an overview, there will be further consultation about disaggregation. It requires more investment from CE and CW&C to make these savings. Both council's don't want less ICT. Part of the consultation is to understand what this might me. There are equivalent issues right across the budget e.g. health and social care.

Q) We have a problem with a lot of residents on low income, and putting CT up 5% will impact them. At the same time we're cutting services which does not look good.

This in turn will cause problems for recruitment in future in jobs at the lower end of the pay scale e.g. bin collectors as they will not be able to afford to live on that wage. We will have a tough job to recruit at the lower end of the pay scales.

A) When we have increases in expenditure / inflation of 10%+, CT doesn't cover it at a rise of 5%, inflation is rising at a lot faster rate than our income. Therefore our budget is difficult to balance. New income tax comes with new expenditure. Average pay awards are at 6%. Triple lock pensions are at inflation. We know it is painful, but we have to maintain spending levels by putting CT up.

Q) CT going up is more for people to pay out. Those of us who are on low pay, our pay has gone up, but our universal credit has gone down.

We're getting increasing numbers of enquiries from people who are working who can't afford their gas and electric, and they can't afford more CT and won't be eligible for support.

If libraries are going to have reduced opening hours, but they are the main place for warm places, used by those who can't afford to put their heating on. We will need to pay more CT, but get less services for it, it's not balancing for me.

A) Members don't want to put up council tax, however, national government assumes council's put up council tax to the maximum.

A) We increased all thresholds of the means assessment in line with CPI, so that shouldn't impact their council tax support. We retain the emergency support scheme. Housing benefit subsidy.

A) The library proposal is for next year so it won't impact this year. There will need to be a further consultation so we will have to have a close look at how to deliver the service.

Q) We could spend all day discussing how to chop up the same money pie, the go-to shouldn't always be to increase Council Tax.

People are seeing pay increases, but it's in name only. People are using food banks, or having to go to libraries to keep warm. The implications of putting up CT is that people's lives are at risk. We're all feeling that squeeze, it's like Armageddon.

We will end up with a situation like the Poll Tax years ago, at some point people won't be able to pay it.

Some of our members won't get to see any of the detail being proposed in this MTFS.

A) There is a diagram showing we get no government grant, so in CE the bigger burden falls on CT tax payers. But the population is growing, with growing needs, and an aging population. There are some very difficult trade-offs, and elected Members will have to decide what the balance is.

A) You are describing just how difficult this is. If we had increased CT in line with inflation we would have £70 million more to spend. We are trying to cut costs. Members are facing a very difficult situation.

A) We don't want to increase the tax burden of residents, and Members recognise that too. It's not an easy option to do it, but the government made the expectation that we put up council tax. We describe every bill going up, that is a consequence of inflation, and that is what the government is trying to address nationally. Any ideas to stop expenditure would be appreciated.

Q) The MTFS document is a huge long document which is difficult to digest, how residents are meant to?

Yes it is difficult to access a 300 page document, however, to help make it more accessible we have created a summary feedback survey which just lists the key top 25 proposals for feedback, to try and focus on the proposals where we think members of the public will be most concerned about. We have published the full MTFS though for full transparency, and people can comment on any aspect of the MTSF they wish to.

Q) The council puts forward ideas about how a service can run more efficiently, but they don't ask the people on the ground who are delivering services.

The council will consult but staff are seen as disrupters. Would it not be good to bring staff together to ask how they think the service can be delivered best? If you want to engage staff as part of a budget engagement, it's how to engage with them to make them feel like their views count. It looks like decisions are already made. There needs to be an opportunity for staff to say "that won't work".

A) In terms of listening to staff, we do run a Save Us Money (SUM) campaign asking for staff ideas on how to save money, so all staff can submit all good ideas, and these will be assessed through our Bright Ideas scheme. All MTFS proposals are subject to further consultation, and we have a history of making changes during consultation. Furthermore, all council Committee meetings are public, so residents and staff can attend those and submit questions if they wish to.

Q) Are we looking at contracts where we outsource provision to see if we can save money by bringing services back in-house?

Re contracts moving forward – Is there any opportunity to look at them? Can we find savings that other organisations made and cross reference them here? Be careful of prime pumping opportunities to save money e.g. getting rid of warm places can have a knock on effect on adult social care. Bringing services in-house might be successful long term.

A) Whenever we commission we go through a process of testing the business case and assessing whether we can we do without the service.

Q) Is there any data of negotiating with providers, can we see that as part of the consultation?

I can ask the procurement manager how successful that has been in the past. We frequently benchmark with others to see if there are good ideas out there.

Q) In terms of comparisons with other LAs can we see the data.

It is helpful of having that data when we're asked those questions. The data helps us defend the position.

A) We don't capture it as a central record which is the problem.

A) The LGA share best practice. We're not sophisticated as a country to understand how impacts are linked. We do try. We would invest in Early Help more if we could.

A) A lot of services are facing a lot of similar issues.

Q) Have we sent out as a council something that is an Easy Speak as to what the council has to provide.

In Denbighshire when the council started charging for green bins the council put something out that made it easier to understand. Can the council put something out that explains simply why council tax is going up? I notice the Police and Crime Commissioner has put over to the public the decision to be made, and has put it out as a poll. Can we send something out that is more plain speaking. People always associate rises with an increase in wages and fat cat salaries which is not true.

A) Yes we will take that feedback away with us. Economic development is a discretionary service.

All Member Briefing (1 of 2) – 17 January 2023

Event host / chair: Lorraine O'Donnell / Alex Thompson

No. of event attendees: 23

Q) The Council need adequate reserves to be able to set the budget - how do we decide that level?

Residents would prefer to spend the income now rather than set it aside for the future.

A) The S151 officer needs to provide a professional view (S25 report) on whether reserves are adequate. Proposals need to be robust to be able to give this assurance. Reserves help to cover for the risk that this might not be the case. The risk of proposals also has to be factored in – are they achievable Reserves are also held for specific purposes to help spread the cost of risk as costs cannot always all be incurred in one Council Tax charge / year. Self assurance etc. Therefore we cannot hold zero reserves. The Reserves Annex in the MTFS helps set out the position on what is held/required.

Q) There are high levels of staff vacancies in the council. Do we know what we are spending on agency staff / consultants?

A) Agency staff are required where there is need for specific purposes / min level of service cover for example. Specialist work can require consultants where appropriate. We are trying as hard as we can to reduce that need. Social care relies on agency but there are restructures in the proposals to try to make the position more permanent and stable to reduce the reliance on agency staff.

Q) MTFS must be based on robust estimates. How do we cover off for future inflation / changes based on recent volatility?

A) An example would be the pay award. We should be focused on target inflation as prescribed by central government and therefore we forecast pay inflation at 2.5% (2% plus slightly high inflation for the lower grades) and it came it at c.6%. Therefore next year we are factoring in the continued increase in inflation and cannot just follow target inflation now. So we need to change services to reduce reliance on consumables that inflate. Opportunities to use less buildings etc and to get the most out of current resources. Couldn’t risk an underinflated budget hence the increase in projected costs across the relevant services for the medium term.

Q) Do you know how much more it costs for a Committee system vs a Cabinet system?

A) We stick to the design principles that it will cost no more or no less. But if costs of running a democratic organisation increase then it may have been the case under either system.

Q) Will the current financial situation affect the regeneration of Crewe? Specifically the infrastructure / rebuilding side?

A) Look at the proposals for future towns funds. The number of community projects was around 10 and there is no way all could be deliverable. Towns board have had to rationalise. So we will have to rationalise if it was no longer affordable. But Infrastructure plans haven't been delayed. We have used flexibility around borrowing (budget increased for the scheme) to allow the projects to carry on. So they now cost more but will still be delivered as planned.

Q) Largest portion of budget goes to social care. We receive lots of grants so why are we having to cover the increase when government funding is available? What about RSG?

A) Government determine Core Spending Power (CSP) levels (the net amount a council needs to run its business) based on demographics and deprivation factors etc. Councils that are able to raise their own resources through Council Tax get less funding as they are seen as more self-sufficient. Low deprivation leads to lower grant allocations. So CSP figure is used like a guideline / limit. So if you can raise higher income from Council Tax / business rates etc compared to other authorities then you get less RSG (according to gov formulas). RSG has gone from £55m to effectively nil over the recent years.

Q) Are no allowances made for the number of over 80 – 85 year olds in CE?

A) RSG – No, this does not impact. Social care grant funding will cover this and we have benefited but it doesn't match the total growth we have experienced in full. The difficulty is we have a large population which is aging. Government grants do recognise that, but it also recognises we don't have as much deprivation as other Local Authority areas.

Q) There seems to be an open cheque book for Adult Social Care funding. Isn't the aging population an issue? Can this be strongly brought to central government's attention?

A) Not quite open cheque book. Self-funders are also affected. Central government have listened and the policy for a cap on care costs has been deferred and they have given us the funding that would have been used to pay for that policy to help fund demand now. The increased Adult Social Care precept also to allows us to support the issue. But they have to continue to listen as the historic underfunding hasn't been rectified. There is probably a backlog due to covid delays also so the situation is likely to get worse. We will continue to use Local Government Association / County Council Network route to continue to lobby government.

Town and Parish Council meeting (2 of 2) – 24 January 2023

Event host / chair: Sharon Angus-Crawshaw / Alex Thompson

No. of event attendees: 18

Q) The perception in Congleton is that Crewe gets a lot of money spent on it. Are all the improvements funded from grants?

A) There is a mixed approach. Government provides towns funds and regeneration funding for deprived towns for example. The majority of the improvements are government funded but there are elements such as the Royal Arcade Scheme (including new bus station) that is funded from Cheshire East Council.

Q) Will the Poynton Leisure Centre capital project go ahead as planned as it is still included in the budget?

A) Capital schemes in the budget are usually fully funded but that particular scheme requires external borrowing for it to continue. The business case was done pre pandemic and borrowing is now more expensive so we will need to have another look at it to see if it is still appropriate to carry on as proposed. For example, is there enough income to repay the higher borrowing costs? The proposal is still in the budget but now needs significant review to see if the scope will require changing. There is an MTFS proposal to review Leisure service this year. We will feedback when we know clearer timescales.

Q) I have worked in the NHS for over 40 years and have a keen interest in health care at GP practices. The large development of new homes in Nantwich will have an effect on service provision for example healthcare and primary schools. Is there thought given to GP expansion within the town?

A) I cannot answer specific question but generally the impact on local services are considered at planning stage which helps to specific what S106 contributions are required to help mitigate the impact. Developer contributions can fund elements of highways for example is new access if required. Extra school places are covered by additional DSG grant. Healthcare provision can be included in S106 contributions but I have no information to hand on the church view project. We can find out and feedback accordingly.

Q) It is tough making hard decisions regarding service levels. We all need to think about risk management processes. We didn't see inflation coming or the war in Ukraine for example. Have you got the right balance of big infrastructure projects compared to revenue services? And, what are the implications for internal changes on staff and Member levels?

A) Reserves levels help to manage the risk around changing forecasting levels. Within the public sector there is a difficult balance between trying to help return to target inflation (avoiding pay rises for example) but equally we need to support individuals suffering with the cost of living etc. With regards to infrastructure spending vs protection of services, the majority of schemes in the capital programme are already existing schemes. They therefore already have associated spending on them, some in the millions. Because of that we have to protect and complete those schemes or the money spent would have to be repaid in full in one go from revenue as they would be classified as abortive costs. There are not many new infrastructure schemes coming forward due to this.

I do not know the change in parish councillors for next year but there is no reduction proposed for change in ward councillors from the current 82. There are proposals around allowances paid included in the consultation. This will be limited in impact across the entire budget position. There are staffing change proposals particularly in Place and Children's and Families areas within the consultation. Total numbers of staff changes are difficult to predict as the authority are carrying a number of vacancies at the moment with staff not actually in post. So reductions might not have an impact on teams currently in post.

Q) Do you want responses to the consultation by end of January ideally?

A) Responses submitted by the end of January will allow them to be included within the report to Full Council in February.

Manager Share and Support Session – 31 January 2023

Event host / chair: Alex Thompson

No. of event attendees: 120

Q) What's happening with MARS?

A) MARS has been debated at CLT – announcements imminent (possibly this week).

Q) The link says the consultation is closed!

A) You can still feed comments into the process.

Q) What if the Members don't vote for it because it is election year – where does that put the council?

A) Members have a responsibility to set balanced budget. They cannot renege on that responsibility. They cannot just not vote a budget through. They could pose alternative proposals at the full Council meeting in February. They would be in breach of their responsibilities and seen as wasting time if they don't approve the budget. The Secretary of state would have to intervene if they don't make a decision. Members have been advised of this.

Q) Any good SUMS suggestion you could mention and what is the process?

A) A full response on SUMS will be in the consultation report and will say what we have done with the ideas and which ones need more information. The overall budget is precarious so all ideas welcome. We will continue to look at processes and opportunities. Some difficult items already included in the budget.

Q) Is this setting the budget for the next administration? What if there is a different Council after May?

A) There is a responsibility to agree and approve a legal council tax level. A new Council could open up the budget again but would have to live within the same council tax envelope. They could have another budget council in June if a new administration wished to. Some items such as green waste charges will be subject to further consultations which would impact future administrations and future committee meetings. There is then the risk that such decision would not then get approved. But an administration cannot knowingly unbalance the budget so will be difficult if new / alternative proposals aren't put forward to replace any that fall.

Q) What happens / actions can be taken to review progress on the MTFS / balanced budget savings forecasted if they do not materialise?

A) We would have to put other proposals in place or use reserves but we don't have many reserves and we need to repay reserves over time to bolster back up to a prudent level as we are in a very tight position and open to risk. As mentioned during the Government autumn statement, the government won't listen to Councils objections on funding levels if reserves aren't used first. We are doing that already.

Q) When will the MTFS be in the public domain?

A) Will be published tomorrow as part of Corporate policy committee (9th Feb) agenda. Will then go onto full Council 22 February 2023.

Q) Is anything expected to change as a result of the consultation findings?

A) Some changes will be made but not many in scope due to tight financial situation. Challenges/feedback around many proposals but we will be reviewing and changing where we can to accommodate feedback based on feasibility options.

Q) How are you managing the politics and the securing of seats in May vs. the real dire financial picture and what NEEDS to happen? Do members fully understand the importance of their council decision in Feb?

A) It is a conversation I have had with senior politicians. But they must implement policies to achieve a balanced budget. Possibly a new administration might come up with new ideas but we have to work with what we have currently to make a decision and approve a balanced budget. All the new members will need education on spending/services/flexibilities to help ensure they understand the new budget.

Q) Does the council have the resource capacity to implement the changes?

A) We have tried to identify where significant changes are occurring to ensure resources are available where required. The business cases for each proposal should cover off this requirement.

Q) Some of these proposals seem like they might have short term savings but longer term problems - for example, green waste bins. Have these potential adverse impacts been considered?

A) We try to look at the four year position to understand the full life cost for each proposal. We try to think though all the costs and consider any knock on effects. CLT and senior politicians are sighted to try to mitigate these risks. We also try to avoid silo proposals and we encourage enabling services to review HLBCs to look for any cross directorate issues.

Q) There have been so many proposals to review as an enabler service. Only had a few minutes to comment on each proposal. Don't feel like I could give it much time. Public consultation – difficult and lengthy read. Was it because it was produced in a rush which is why time was short and not very accessible? To note – Proper face to face consultation does help stakeholders understand the reasons for these difficult changes.

A) The process was truncated this time in terms of consultation timescales. We usually aim to publish in November / December. But this time in November we were looking at a gross overspend in the region of c.£20m and nothing coming in so CLT decided to wait for government announcements to see what the funding envelope looked like to hopefully reduce down the scale of the cuts required. As we had less consultation time it was decided to publish the full MTFS to ensure as much information was out in the public domain as possible. The online consultation focused on the top c.25 proposal to help focus the comments.

Q) Have you considered if they are accepted. Have you considered a more streamlined governance process as the committee system is quite lengthy, would help to implement proposals quicker? Is there any form of narrative to go into implementation reports for committees to ensure they are not rejected (as required to maintain the balance budget)?

A) Constantly trying to streamline the process. We know the committee system is complex but will be here now for a few years. Number of committees to remain as is. Decision making process – future reports to CLT – need to make things faster. Need less “to note” reports and focus on “decision reports”. Constantly working on this. Also trying to manage members expectations sooner. We only really meet with committee chairs but they are not individual decision makers so we need to look at how we inform more members in the process.

Q) Do CIPFA/others still provide analysis of comparator authorities' spend on different services?

A) Yes they do. As a comparator, generally, we have low reserves and collect more council tax as we have more houses than other authorities.

Cheshire East Business Forum – 31 January 2023

Event host / chair: Alex Thompson

No. of event attendees: 15

The Cheshire East Business Forum was originally set up to in response to the Covid-19 pandemic aiming to provide a platform to help us to understand the impacts of Covid-19, mobilise and direct resource as appropriate and feed local issues back up to central government. The group has since developed to include a range of businesses, representatives of important business sectors across the borough, members of the Cheshire East Place Board (an existing strategic steering board made up of a range of public and private sector representatives), some of the suppliers key to service provision for the Council and business representative/membership organisations covering the Cheshire East area.

Topic areas for discussion at this meeting were:

- Progress with delivery of the Shared Prosperity Fund in Cheshire East
- Consultation on our budget proposals for the coming year
- Impacts of the cost of living on your businesses and employees for us to feed back to government

Questions asked included:

- Can the slides be shared?
- How has Cheshire East Council approached pay inflation projections? Is it a living wage employer?

All Member Briefing (2 of 2) – 31 January 2023

Event host / chair: Lorraine O'Donnell / Alex Thompson

No. of event attendees: 28

Q) Green bins: part of the rationale with the green waste site at Leighton, we take all our waste to this facility rather than paying other providers across the borough. What about the T&C's with this current provider at our green waste site – are we undermining our own contract? In relation to the MTFS document – is it still accessible to read online? Can I confirm if you are aware of my work to bring forward alternative proposals?

A) Green waste – proposal subject to consultation. It reflects implementation from Q4 2023/24 so there is time to iron out contractual issues. It is expected that only half the borough would take up the option to pay for green waste but potential changes may mean we might not be looking to extent the contract anyway. There isn't expected to be a contractual challenge from them. We are aiming to produce the HLBC shortly to give more information before making the final decision on 22 February. Consultation closed but MTFS still available to view online (search "budget" on CEC website). CPC agenda will have the latest version once published tomorrow evening. Alternative proposals – aware something is coming, but not seen the detail yet until officers have finished developing the proposals further.

Q) At Highways & Transport committee – we stated we wanted to see background information to the proposals. We were told the HLBCs would be available this week?

A) The intention is to publish all HLBCs by the end of this week so they are imminent. Latest should be early next week.

Q) Following a visit to the shared joint committee in Winsford last week, I did not understand the financing of that issue. I cannot see it explicitly in MTFS?

A) Referring to the Hybrid ICT shared services model proposal. The expenditure is split between year 1 and 2 and shared with Cheshire West. Mix of expenditure through revenue and some through capital (within the capital programme line). Savings due in later years hence the revenue reductions. Capital for ICT cover many different programme lines – add up to £13m over a number of years. There is a hybrid line of £1.5m within the Capital strategy (Corporate policy table – page 237). The HLBC will bring all the revenue and capital numbers together.

Q) Public building closures. Thinking about water services within them? Will there be extra expenses?

A) Any process to close building will go through consultation and costs for empty buildings will be limited where possible and retain the value in the asset by properly maintaining the building. Conversation with Economy & Growth committee to get maximum value from all assets – options of letting/selling etc.

Q) What additional funding will be put in place to uphold culture as staff work remotely? Also for this budgetary saving I assume Staff will need updated contracts so is this reflected in the HR budget?

A) There is ongoing support for individuals to be able to work remotely. Staff retention is important. We expect to have a mix of people in the office as well as them having the facilities to work remotely and safely from home. There is no specific or additional new funding in the MTFS for this but in terms of ongoing support any issues around Health & Safety and Occupational Health for example remain in place - there is no planned reduction to that.

Q) Are all proposals in the MTFS deliverable? What about staff deployment?

A) The intention is that all proposals are robust and deliverable but this also depends on external factors such as inflation / procurement issues as an example. Timescales may need to change which is why we need adequate reserves to allow for possible unforeseen changes/slippage. In terms of redeployment, Cledford house – there is a consultation for this site. We consult with all staff that may need to be redeployed and compensation is made available if appropriate. No new proposals in this MTFS in addition to this site.

Q) You have said that you do not expect big differences to the quantities of green waste in the future. Do you expect any problems with the compost contractor with changes to the type of green waste once the "food" waste is removed. i.e. will it be less "nutritious" from the point of view of composting

A) We are intending to stay within contractual terms to be able to make the relevant changes. The proposals will have to take into account any changes. It is dependant on future government plans also. But we need to deal with our current situation now. We have been in contact with central Government who are actively looking at it in case they make mandatory changes for which they would have to compensate us for. Level of uncertainty across many services. Proposals are based on best knowledge at the time but reserves are really important to buffer the risks.

Q) Was sorry to note at Member Input Panel today that there's no budget to celebrate staff achievements. Shame it had to be done online.

A) Lorraine kicked off staff awards programme online today. Online ceremony with hundreds of people nominated. It is a cost effective way to celebrate staff achievements. Staff don’t want to spend money and are happy to do it online to help save money.

Appendix 2 – Public comment, email and letter feedback

Given the large response to the Budget Consultation 2023, all public comments, emails and letters received during the consultation have been printed verbatim in the following separate report:

Report of all public comments, emails and letters received in response to Cheshire East Council's Budget Consultation 2023 (PDF, 3.3MB)

All public comments, emails and letters received as part of hits consultation are presented within the above report under the proposal reference number and name which they refer to. Note responses are published multiple times if they refer to more than one proposal in their response.

The total number of public comments, emails and letter received as part of this consultation, and included in this report, was:

- 170 public comments
- 64 published emails
- 27 letters

The total number of references to MTFS proposals within all these public comments, emails and letters is show below, by proposal reference number and name.

MTFS Ref No & Name	Public comments	Emails	Letters	All
[4] Pay inflation	3	0	0	**3**
[9] Pension Costs Adjustment	2	0	0	**2**
[12] Home First Strategy - alternative care provisions	0	1	0	**1**
[16] Direct Payment - Audit Recoveries	0	1	0	**1**
[18] Maximisation of Supported Living	0	1	0	**1**
[21] Adults and Health Non-Essential Commissioning/Contracts	0	1	0	**1**
[22] Building Based Day Services	11	9	0	**20**
[23] Day Care Review	0	2	0	**2**
[24] School transport pressures	1	0	0	**1**
[26] Growth in Children's Social Care	1	0	0	**1**
[33] Pension Costs Adjustment	2	0	0	**2**
[55] Pension Costs Adjustment	2	0	0	**2**
[64] Assets - Buildings and Operational	0	1	0	**1**
[68] Office Estate Rationalisation	19	6	0	**25**
[69] Rural and Visitor Economy	0	1	0	**1**

[70] Cultural	0	1	0	**1**
[72] Assets - Transactions	1	0	0	**1**
[74] Pension Costs Adjustment	2	0	0	**2**
[75] Restructuring Potential	0	1	0	**1**
[76] Investment in Public Rights of Way	0	1	0	**1**
[77] Tatton Park	1	1	0	**2**
[90] Strategic Leisure Review	0	2	0	**2**
[91] Maintenance of green spaces	7	6	1	**14**
[92] Review Waste Collection Service - Green Waste	38	11	2	**51**
[93] Libraries - Service Review	117	44	26	**187**
[94] Pension Costs Adjustment	2	0	0	**2**
[100] CCTV	1	1	0	**2**
[101] Household Waste and Recycling Centres - introduce residency checks	1	0	0	**1**
[103] Local Bus	12	5	0	**17**
[104] Highways	16	5	0	**21**
[105] Energy saving measures from streetlights	3	2	0	**5**
[106] Pension Costs Adjustment	2	0	0	**2**
[108] Parking	5	6	1	**12**
[110] Pension Costs Adjustment	2	0	0	**2**
[117] Council Tax % increase	25	4	0	**29**
Total	**276**	**113**	**30**	**419**

Appendix 3 – Social media engagement

12 posts advertising the consultation were posted on Facebook and Twitter during the consultation on corporate council accounts (@CheshireEastCouncil), and in total, 269 comments (engagements) were received in reply from social media users.

Facebook engagement

Total number of posts advertising the consultation on Facebook = 12

Total number of Facebook comments = 254

Total number of Facebook likes = 4

Twitter Engagement

Total number of posts advertising the consultation on Twitter = 12

Total number of Facebook comments = 15

Total number of Facebook likes = 7

LinkedIn Engagement

Total number of posts advertising the engagement on LinkedIn = 2

Total number of Facebook comments = 0

Total number of Facebook likes = 0

Appendix 4 – Newspaper Articles

A total of 13 newspaper articles were published throughout the duration of the consultation – these are listed below.

Date	Source	No. comments	Article title & link
06/01/2023	Cheshire East Council	0	Investing in sustainable council services in Cheshire East
07/01/2023	Silk 1069	0	Investing in sustainable council services in Cheshire East
08/01/2023	BBC	0	Cheshire East Council residents face 4.9% tax increase
10/01/2023	Church Minshull Village Arena	0	C.E. Budget Review
16/01/2023	Nantwich News	0	LETTER: Readers should look at CEC Budget consultation
18/01/2023	Knutsford Guardian	13	Stanley Centre in Knutsford at risk of closing down
19/01/2023	Northwich & Winsford Guardian	0	Cheshire East will go bust unless savings made, cllr warns
20/01/2023	Knutsford Guardian	0	Call for Cheshire East to sell derelict buildings not cut services
23/01/2023	Cheshire East Council	0	Cheshire East Council's budget out for consultation
23/01/2023	Knutsford Guardian	1	Council urged to re-think plans to close Stanley Centre at Knutsford
23/01/2023	Knutsford Guardian	7	Call to save Stanley Centre as council spends £12m on HS2
30/01/2023	Knutsford Guardian	0	Plan to hike up parking charges challenged by Cheshire East cllrs
31/01/2023	Knutsford Guardian	0	Mayor calls on plans to close Stanley Centre to be abandoned

Appendix 5 – Council Committee feedback

Children and Families Committee – 16 January 2023 10:30

Meeting agenda:
http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=963&MId=9287

Full meeting minutes:
http://moderngov.cheshireeast.gov.uk/ecminutes/documents/g9287/Printed%20minutes%2016th-Jan-2023%2012.30%20Children%20and%20Families%20Committee.pdf?T=1

Meeting minutes relating specifically to item MEDIUM-TERM FINANCIAL STRATEGY 2023-27 CONSULTATION

The committee received the report which aimed to capture committee members' feedback as consultees on the development of the Medium Term Financial Strategy 2023 – 27 in relation to the responsibilities of the committee.

The following comments were put forward:

Cllr Anderson queried the increase in cost of transport and requested a breakdown of where the additional costs are coming from. The Director of Education responded that the majority of the cost is the increase of children eligible for transport as well as the increase of cost due to procurement. A report brought to committee previously had set out in detail the strategy to review the programme but it was likely to be the next contract year when the benefit of that would be seen. The committee were advised that a small amount of that money would fund the additional capacity needed to deliver the change and that providing school transport for eligible children was a statutory requirement. The data requested would be extracted from the previous report and re-circulated to committee.

Cllr Parkinson, who was present as a substitute, asked for clarity on the amount received from government grants in Children's Services and where these funds had been distributed. The Director of Strong Start, Family Help and Integration responded that there was regular reporting to committee on funding received from grants and that a full breakdown of this could be shared following the meeting.

Cllr Beanland raised a query regarding what the resettlement fund is and whether there was any money left from that fund. The committee were advised that Cheshire East had received this funding for families coming to Cheshire East and that it applied to any services where cost was incurred, for example for transport or additional staffing costs. There was an ongoing piece of work to assign the income to services.

Cllr Beanland raised a query regarding the £45.6m deficit on the DSG reserve and how it was being managed. The committee were advised that this was being managed by statutory override and that a piece of work was ongoing. The Chair highlighted that high needs did not sit within the MTFS but was part of a high needs management strategy and an update on this would be coming to committee for debate.

Cllr Beanland raised a query regarding appendix 1 which referred to any betterment to the forecast outturn position being utilised to replenish reserves in line with the priorities of the Corporate Plan, and asked whether there was a figure available for the reserves. The committee were advised that it was necessary to wait for the year end to understand the position on this.

Cllr Beanland raised a query relating to the £76m referred to in appendix 2 with regard to the DSG budget, specifically what the breakdown of this was and what control there was for how this was to be spent. The committee were advised that a breakdown of this would be brought to the February committee meeting and any outstanding questions could be addressed at that point.

Cllr Beanland referred to the table on policy proposals in appendix 2 and requested that future reports include a column showing what the original budget was for clarity. The committee were advised that this was included in the full MTFS budget consultation document.

Cllr Beanland referred to the Educational Psychology service and queried whether this has brought in any income. The committee were advised that this had been included in the MTFS within the general income. The Educational Psychology service had brought in income with the traded service and there was good uptake of intervention work, however statutory work had also increased. A report was due to come to committee with an update.

Cllr Beanland raised a query regarding the review of the Children’s Services structure and how the £0.950m referred to would be achieved. The Executive Director of Children’s Services responded that this was an opportunity to streamline and deliver services differently for less with a plan for the longer term. There were a number of existing and emerging priorities that needed to be delivered in the most efficient and effective way.

Cllr Beanland made a request for the wording to be changed regarding Crewe Youth Zone to clarify that this was for the benefit of children and young people in Crewe. The Chair expressed a view that it was not necessary to change this as the clarification was not needed.

Cllr Beanland raised a query regarding the Poynton planning area referred to in appendix 3 and what the £1.5m was for. The committee were advised that a slight shortfall in places at the primary phase was forecast and consultation with the schools was currently taking place. This was always the first stage in considering options and at the appropriate time a paper would be brought to committee for decision.

Cllr Beanland stated that the Dedicated Schools Grant (DSG) appeared to be the same each year and queried whether it was expected to change. The committee were advised that there could be an increase but at this point it would be difficult to say what this would be. Further information would be coming to the next committee meeting.

Cllr Saunders stated that she disagreed with points 35 (integrated children’s service strategy) and 40 (early help redesign). Cllr Saunders disagreed with cuts to staffing levels in social services due to families facing profound difficulties at the current time.

Cllr Saunders also expressed concerns about the impact of staffing cuts on the morale of existing staff and the chances of recruiting staff.

Cllr Saunders agreed with point 29 regarding the reversal of travel savings that cannot be achieved.

Cllr Saunders also expressed a view that an audit of buildings should take place with a view to selling buildings that were not needed.

Cllr Saunders expressed a concern about the early help budget being used to support Crewe Youth Zone. Cllr Saunders stated that she was not against the youth zone but could not see how it could be afforded at the current time and did not feel that it was right to take money from the early help service to help to fund it. Cllr Flavell responded that the function of the youth zone was to provide early help and support and therefore it was not about cutting early help services but investing in something that will provide this service. Cllr Saunders added that the grant could have been used across the whole borough instead of focusing on one area.

Cllr Clowes raised a query regarding school transport pressures and whether flexibility is being built into contracts for downward changes, for example petrol price decreases. The Director of Education advised that through Procurement there was a lot of challenge going on to look at reducing the contract prices but it remained a challenge.

Cllr Clowes raised a query regarding safe walking routes to school and whether there had been any progress with this to reduce costs. The committee were advised that this was included in the transport review report.

Cllr Clowes referred to pressures in social care payments and was surprised that it indicated a budget pressure as in Adults Services direct payments had caused some pressures to decrease. Cllr Clowes suggested this could also be a good thing to encourage to ease the transition from Children's Services into Adults.

Cllr Clowes referred to the growth in children's social care and acknowledged that pressures are growing but that the budget in 2020 had provided for using Mount View and Bexton Court for provision and would have started to make cost benefits to the services involved within a five year period. Cllr Clowes stated that the business cases would need to be reviewed but with the cost of care going up, it would be expected that there would still be savings and suggested that this is looked into. The Director of Children's Social Care responded that half of the growth related to the need to realign the way DSG was applied and half was in relation to the growth pressures. A greater proportion of children and families had been accessing direct payments. There was an increasing number of children who were being supported by the local offer for children with disabilities and a reduction of children open to the Child in Need & Child Protection service and the Cared for Children with Disabilities service so the broader picture was of prevention and inclusion. The growth pressures in children's social care was around external placement costs. The service had been able to safely reduce the number of children living in residential care over the past 12-18 months. The inflationary costs of the external services had created the additional pressure. There were capital programmes for the refurbishment or purchasing of up to four residential children's homes and a paper on this would be coming to committee in March.

Cllr Clowes referred to MARS and stated that she did not disagree with reviewing the structure but that MARS had previously not done as well as hoped. Consequently, money from predicted savings had to be put back in. Cllr Clowes suggested, in the light of new regulatory frameworks, the possibility of retraining staff before looking at MARS.

Cllr Rhodes referred to the DSG and stated that Cheshire East was underfunded and children in Cheshire East were receiving less from the government than those in other areas.

Cllr Rhodes agreed with Cllr Saunders and Cllr Clowes regarding concerns about the reorganisation of Children's Services.

Cllr Rhodes also agreed that the MARS scheme had not always been as successful as hoped.

Cllr Rhodes expressed a concern about cuts to early years as providing support early could reduce costs later on.

Cllr Rhodes expressed a concern about school transport and getting value for money.

Cllr Rhodes was in support of the Crewe Youth Zone and stated that Crewe had six wards in the top 10% of deprivation in the country and that the government had recognised this deprivation and awarded the funding for the project.

Cllr Handley was also in support of Crewe Youth Zone and stated that the cost of living crisis had disproportionately affected children and young people in this area.

Cllr Flavell recognised that there were external pressures that needed to be addressed and was in support of the way in which officers had managed this.

RESOLVED:

1. That the Children and Families Committee notes:

    1.1The year-end forecast outturn position for 2022/23 (Appendix 1).

    1.2The financial context and proposals contained within the Executive Summary of the Medium-Term Financial Strategy (MTFS report Annex C, Section 1).

    1.3Revenue Grant Funding (Appendix 4).

    1.4Earmarked Reserves (Appendix 5).

2. That the Committee provides feedback on the proposals within the MTFS, as related to the Committee's responsibilities, that can support and advise Full Council in fulfilling its responsibilities to approve a balanced budget for 2023/24, in the following areas:

    2.1Revenue Proposals (Details are at Appendix 2).

    2.2Capital Programme (Appendix 3).

Economy and Growth Committee – 17 January 2023

Meeting agenda:
http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=960&MId=9268

Full meeting minutes:
http://moderngov.cheshireeast.gov.uk/ecminutes/documents/g9268/Printed%20minutes%2017th-Jan-2023%2014.00%20Economy%20and%20Growth%20Committee.pdf?T=1

Meeting minutes relating specifically to item 44 MEDIUM TERM FINANCIAL STRATEGY 2023-2027 CONSULTATION:

The Committee received a report on the Medium-Term Financial Strategy (MTFS) for 2023-2027 and the revenue and capital proposals contained within the MTFS relating to the Committee's responsibilities. As part of the consultation process the Committee was asked to provide comments and feedback to the Corporate Policy Committee on proposals related to the responsibilities of the committee.

The following comments were raised by Committee:

- concern that Members had not been involved in the drawing up of the proposals before them in the report. In previous year there had been session with finance officers to discuss proposals before they went into the MTFS. It was asked if it was possible for the background workings behind each proposal to be circulated to the committee for information.
- Ref 64 Assets Buildings and Operational – the Committee was concerned that only spend on maintenance where there was a specific Health and Safety risk was not a sustainable approach and could cost the Council more in the long term.
- Ref 66 & 67 Rates increase for Cheshire East properties - it was asked why the rates increase for Cheshire East properties were being funded from the Collection Fund earmarked reserve. In response it was reported that the proposal were the result of the increase in business rates payable by Council due to the Valuation Office Revaluation which took effect on 1st April 2023. The estates rationalisation exercise was ongoing and this may ultimately reduce the level of business rates payable by the Council and therefore the uplift in rates currently forecast could be temporary.
- Ref 68 Office Estate Rationalisation – clarification was sought and given that the reference to Macclesfield Library related to the physical building and not the service. It was also raised if there would be a separate formal consultation about the move of the library building.
- Ref 72 Assets Transactions – it as commented that using auctions to dispose of property was not always the best way to dispose of property quickly and did not always achieve the best price.
- Ref 75 Restructuring Potential – it was suggested that the Council should look at retraining or upskilling staff before using schemes such as MARS. It was also queried if there was scope for transferring non-statutory services/non-income generating posts to town and parish councils.

RESOLVED:

1 That the Committee notes

1 the year-end forecast outturn position for 2022/23, as set out in Appendix 1 to the report.

2 the financial context and proposals contained within the Executive Summary of the Medium-Term Financial Strategy (as set out in the MFTS report at Annex C, Section 1).

3 the Revenue Grant Funding, as set out in Appendix 4 to the report

4 the Earmarked Reserves, as set out in Appendix 5 to the report.

2 The Committee feedback be noted on the proposals within the MTFS, as related to the Committee's responsibilities, that can support and advise full Council in fulfilling its responsibilities to approve a balanced budget for 2023/23 in the following areas:

1 Revenue Proposals, as detailed in Appendix 2 to the report

2 Capital Programme, as detailed in Appendix 3 to the report.

Finance Sub-Committee – 19 January 2023

Meeting agenda:
http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=965&MId=9688

Full meeting minutes:
http://moderngov.cheshireeast.gov.uk/ecminutes/documents/g9688/Printed%20minutes%2019th-Jan-2023%2010.00%20Finance%20Sub-Committee.pdf?T=1

Meeting minutes relating specifically to item 4 MEDIUM-TERM FINANCIAL STRATEGY 2023-27 CONSULTATION

The Sub-Committee considered a report on the Medium-Term Financial Strategy 2023-27.

The Sub-Committee was being asked to provide feedback, as consultees, on the development of the MTFS in relation to the Sub-Committee's responsibilities. The feedback would be presented to the Corporate Policy Committee for consideration on 9th February 2023 before a balanced budget was presented to full Council on 22nd February 2023 for final review and approval.

In response to members' questions, officers commented as follows:

The un-ringfenced specific grant levels for 2023/24 and 2024/25 were in the order of £26.4M and £29.1M respectively, showing an increase over time. Further details were available in the full MTFS available on the Council's website.

The figures for bad debt provision adjustment related largely to adult social care. The figures did not include deferred debt.

With regard to the Council paying the rate increases on its own properties from the Collection Fund earmarked reserve, the increases related to revaluations rather than inflation, the Government having frozen business rates nationally for the current financial year. The Council usually funded its business rates from general reserves and the use of the Collection Fund was a temporary arrangement.

The officers were thanked for having produced the budget on time in conditions of uncertainty.

RESOLVED

That

1. the Sub-Committee notes:

(a) the year-end forecast outturn position for 2022/23 (Appendix 1 to the report);

(b) the financial context and proposals contained within the Executive Summary of the Medium-Term Financial Strategy (MTFS report Annex C, Section 1); and

(c) Revenue Grant Funding (Appendix 2); and

2. the Sub-Committee's feedback be provided on the proposals and current strategies within the MTFS, as related to the Sub-Committee's responsibilities, in order to support and advise full Council in fulfilling its responsibilities to approve a balanced budget for 2023/24, in the following areas as detailed in the Appendices to the report:

- Revenue Proposals (Appendix 3)
- Capital Strategy (Appendix 4)
- Treasury Management Strategy (Appendix 5)
- Investment Strategy (Appendix 6)
- Reserves Strategy (Appendix 7)

Adults and Health Committee – 23 January 2023

Meeting agenda:
http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=964&MId=9294

Full meeting minutes:
http://moderngov.cheshireeast.gov.uk/ecminutes/documents/g9294/Printed%20minutes%2023rd-Jan-2023%2010.00%20Adults%20and%20Health%20Committee.pdf?T=1

Meeting minutes relating specifically to item 53 MEDIUM-TERM FINANCIAL STRATEGY 2023-27 CONSULTATION:

The Committee received a report on the Medium-Term Financial Strategy (MTFS) for 2023-2027 and the revenue and capital proposals contained within the MTFS relating to the Committee's responsibilities. As part of the consultation process the Committee was asked to provide comments and feedback to the Corporate Policy Committee on proposals related to the responsibilities of the committee.

The following comments were raised by Committee:

- Proposal 8 Home First Strategy: Increased Care Home capacity – Members raised concerns around the proposal to maximise the use of block booked beds and the potential impact this would have on relationships with care home providers, sustainability of the care market and carers.
- Proposal 10: Learning Disabilities Future Service Development and Review – Members raised concerns around the ability to achieve the savings associated with this proposal. Reassurance was sought that Cheshire East would not pick up any additional costs as a result of working in partnership with health colleagues on shared Continuing Health Care (CHC) funding.

  Councillor Clowes referred to the capital addendum items put forward in 2020 which proposed to use Mountview and Bexton Court for the purpose of delivering extra care with the view of establishing improved facilities to incorporate Stanley House on the ground floor of that new facility. Councillor Clowes requested that those capital addendums, which were previously budgeted for (Addendum items could be released by the portfolio holder and Chief Financial Officer subject to an appropriate business case, demonstrating how the proposals would be funded), were explored as an alternative to the full closure of Stanley House.

  It was agreed that a written response would be provided by the Director of Adult Social Care to members in respect of Mountview and Bexton House.
- Proposal 16: Direct Payment – Audit Recoveries – Members felt that the £750k saving associated with this proposal was ambitious and may not be achievable. It was agreed that a written response would be provided by the Executive Director of Adult, Health, and Integration in respect of the concerns raised by Councillor Clowes that people may not be receiving the right support and guidance on using their direct payments.
- Proposal 20: Building Based Short Breaks – Members raised concerns around the potential closure of buildings and the impact this would have on those being discharged from hospital. Members asked what could be delivered better and what could make the facilities used to their full potential and service their communities better. Councillor Clowes asked if it would be

better to reconsider block booked contracts in the context of Learning Disabilities rather than close the facility. It was requested that consideration was given to expanding the role of the Shared Lives initiative.

- Proposal 21: Adults and Health Non-Essential Commissioning/Contracts – Members requested reassurance that the services that would not be renewed would not impact negatively on the organisations that would be relied upon to deliver other elements of the budget proposals.
- Proposal 22: Building Based Day Services – Councillor Clowes requested that this item be incorporated with earlier suggestions regarding Bexton Court and potential capital addendums.
- Proposal 23: Day Care Review – it was suggested that further consideration was given to this proposal to ensure that 1) the savings are not at the expense of further isolating elderly recipients and 2) that carers receive the right support. It was proposed that community hubs are explored further.

RESOLVED:-

1.That the Committee notes:-

> 1. The year-end forecast outturn position for 2022/23 as set out in Appendix 1 of the report.
>
> 2. The financial context and proposals contained within the Executive Summary of the MediumTerm Financial Strategy (as set out in the MFTS report at Annex C, Section 1).
>
> 3. The Revenue Grant Funding as set out in Appendix 4 to the report
>
> 4. the Earmarked Reserves, as set out in Appendix 5 to the report

2 The Committee feedback be noted on the proposals within the MTFS, as related to the Committee's responsibilities, that can support and advise full Council in fulfilling its responsibilities to approve a balanced budget for 2023/23 in the following areas:

> 1. Revenue Proposals, as detailed in Appendix 2 to the report
>
> 2. Capital Programme, as detailed in Appendix 3 to the report.

Councillor D Edwardes left the meeting and did not return.

Highways and Transport Committee – 26 January 2023

Meeting agenda:
http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=961&MId=9276

Full meeting minutes:
http://moderngov.cheshireeast.gov.uk/ecminutes/documents/g9276/Printed%20minutes%2026th-Jan-2023%2010.30%20Highways%20and%20Transport%20Committee.pdf?T=1

Meeting minutes relating specifically to item 43 MEDIUM-TERM FINANCIAL STRATEGY 2023-27 CONSULTATION

The Committee received a report on the Medium-Term Financial Strategy (MTFS) for 2023-2027 and the revenue and capital proposals contained within the MTFS relating to the Committee's responsibilities. As part of the consultation process the Committee was asked to consider the proposals within the remit of the Committee and provide comments and feedback to the Corporate Policy Committee for consideration on, 9 February 2023, before a balanced budget was presented to the full Council meeting of 22 February 2023 for final review and approval.

The following comments were raised by Committee:

Members raised concerns around the consultation process and that Committee Members had not been involved in the drawing up of the proposals before them in the report. Committee Members requested to receive the background information (High Level Business Cases –'HLBCs') supporting the proposals as soon as possible.

Tom Moody advised that HLBCs would be presented to the Corporate Policy Committee on 9 February and agreed to explore when it would be feasible to share this information with Committee Members.

Proposal 108: Parking – Members highlighted that any increase in the current parking charges would have a detrimental impact on town centre recovery, local businesses and residents. Members felt that the current car park charging policy was unfair and there needed to be a consistent and fair policy across the borough. Members queried when the expansion of car park charging to other towns would be considered at Committee and if guidance would be provided to Members to gauge satisfaction with residents.

The Chair confirmed that car parking proposals were due to be considered at the first Highways and Transport Committee meeting scheduled for the new municipal year.

Proposal 105: Energy saving measures from streetlights - Members raised concerns around the potential public safety implications as a result of switching off streetlights. Members also queried if there were likely to be costs incurred as a result of handling an increase of calls reporting broken streetlights. It was suggested that those streetlights purposefully switched off are clearly marked to avoid this. It was asked if there was a way of targeting any reduction of lighting to areas where there may be ecological benefit to do so.

Cllr Smetham suggested that streetlighting in critical and problematic areas could continue but queried what the significant difference between rural and urban areas was. Mike Barnett committed to providing a more detailed response on the criteria for installing streetlighting in urban/rural areas.

Members agreed that some of the proposals were unpalatable but recognised the extremely difficult financial situation facing the Council.

RESOLVED (by majority):

1) That the Committee notes:

a) the year-end forecast outturn position for 2022/23, as set out in Appendix 1 to the report.

b) the financial context and proposals contained within the Executive Summary of the Medium-Term Financial Strategy (as set out in the MFTS report at Annex C, Section 1).

c) the Revenue Grant Funding, as set out in Appendix 4 to the report.

d) the Earmarked Reserves, as set out in Appendix 5 to the report.

2) The Committee feedback be noted on the proposals within the MTFS, as related to the Committee's responsibilities, that can support and advise full Council in fulfilling its responsibilities to approve a balanced budget for 2023/23 in the following areas:

a) Revenue Proposals, as detailed in Appendix 2 to the report

b) Capital Programme, as detailed in Appendix 3 to the report

Environment and Communities Committee – 2 February 2023

Meeting agenda:
http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=962&MId=9281

Full meeting minutes: Not yet published.

Corporate Policy Committee – 9 February 2023

Meeting agenda:
http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=959&MId=9262

Full meeting minutes: Not yet published.

Appendix 6 – Consultation methodology & response

Consultation live dates

The Cheshire East Council 2022 / 2023 budget consultation was conducted between 6 January and 30 January 2023.

The start of the consultation was delayed until after HM Government had published its local government finance settlement for 2023 to 2024. Once this settlement had been published, the council could then finalise a draft Medium Term Financial Strategy (MTFS) to be consult on.

Consultation material

The council promoted its budget consultation through a dedicated webpage at www.cheshireeast.gov.uk/budgetengagement.

The council published a full draft Medium Term Financial Strategy (MTFS) document on this webpage to be consulted on. This MTFS contained 122 different proposed changes to the council's budget. Some of these were simply referring to receipt of grants or are accountancy adjustments, however, a number of proposals relate to increased investment in or savings to be made against specific council services.

In order to help navigate the 122 proposals in the full MTFS document, a short survey was also provided which asked for feedback on the top 25 proposals out of the 122.

The top 25 proposals listed in the survey were selected using the following criteria – financial impact, number of people affected, historical interest in the subject, where the council has significant discretion in how to spend, save or deliver a particular service. Although the top 25 proposals were listed in the survey, all 122 proposals were available for comment within this survey.

Capturing feedback

People could respond to the consultation by:

- Completing an online survey
- Completing a paper version of the survey, made available at all libraries in Cheshire East
- Publicly commenting on the Budget Consultation webpage

- Emailing the Research and Consultation Team at RandC@cheshireeast.gov.uk
- Writing to Research and Consultation, Westfields, Sandbach, CW11 1HZ
- Tweeting @CheshireEast #CECBudget

Consultation promotion

The consultation was widely promoted, most notably though:

- Media releases
- Emails to key stakeholders including all local Town and Parish Councils
- Members Briefings
- Town and Parish Council meetings
- A Trade Union Budget Briefing
- Business and Schools forums
- The council's Digital Influence Panel
- Social media
- Internal council employee message boards

Additionally, Cheshire East Council employees were invited to submit ideas on how the council could save money and raise income for the council via a "Save Us Money" campaign.

Consultation responses

Total consultation engagements for 2022

In total, there were 2,267 consultation engagements, including:

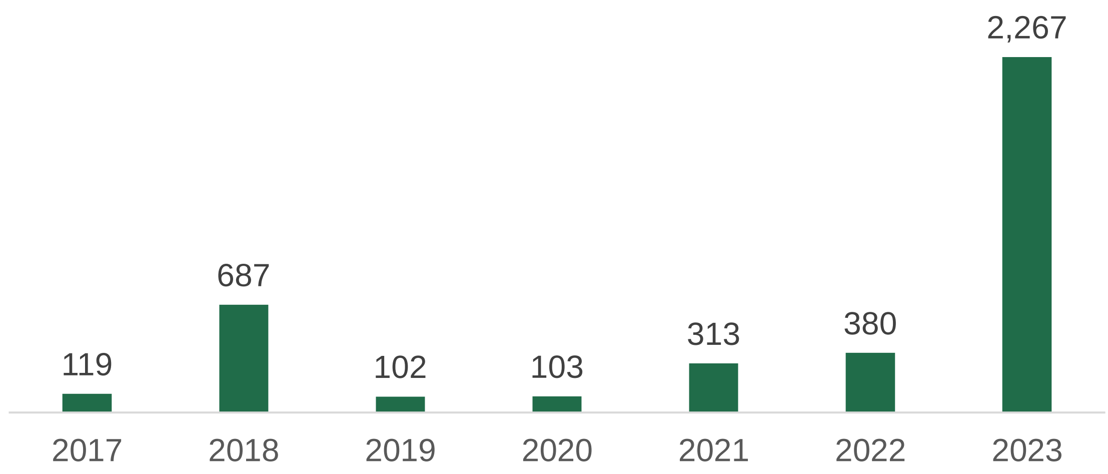
- 1,417 online survey completions
- 269 social media comments
- 232 attendees at budget consultation events
- 170 budget webpage comments
- 65 emails
- 52 "Save Us Money" ideas submitted by council employees
- 35 paper survey completions
- 27 letter responses

Consultation engagements compared to previous years

The number of budget consultation engagements in 2023 (2,267) was significantly higher than in previous years – 6 times as many consultation engagements were received in 2023 compared to 2022. 2,267 responses is also the largest number of budget consultation engagements received since records began in 2017.

Feedback mechanism	2017	2018	2019	2020	2021	2022	2023
Survey responses	47	436	97	99	291	264	1452
Social media comments or replies	26	116	-	-	-	20	269
Event attendees	32	-	-	2	-	73	232
Budget webpage comments	-	-	-	-	14	6	170
Emails / Letters	14	132	5	2	8	3	92
SUM ideas submitted	-	-	-	-	-	14	52
Petitions	-	3	-	-	-	-	-
Total engagements	**119**	**687**	**102**	**103**	**313**	**380**	**2,267**

Total number of budget engagements each year between 2017 and 2023




BUDGET

Cheshire East Council

Work Programme – Corporate Policy Committee – 2022/23

A Report title in Bold indicates that this is a significant decision

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
CP/41/22-23	23 Mar 2023	Review of Outside Organisations	To review and make recommendations on which organisations should be retained on the Council's formal list of outside organisations to which it nominates members.	Director of Governance and Compliance (Monitoring Officer)	TBC	TBC	TBC	Ensure that there is transparency in all aspects of council decision making	No
CP/35/22-23	23 Mar 2023	ICT Strategy Update	To review progress with the ICT Strategy 2022-2025.	Executive Director Corporate Services	Internal consultation	Yes	No	Ensure that there is transparency in all aspects of council decision making	No
CP/36/22-23	23 Mar 2023	Performance Outturn 2022/23 Report Quarter 3	To review the Performance Outturn for Q3.	Director of Policy and Change	N/A	No	No		No

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
CP/44/22-23	23 Mar 2023	**Third Financial Monitoring Report for 2022/23**	To provide information on the Council's performance against the financial strategy during the 2022/23 Financial Year. The Committee will be asked to: - Note the financial performance in 2022/23 as it relates to: income and expenditure of Revenue and Capital budgets; movement in reserves; achievement of MTFS proposals across all Committees. - Note or approve any mitigating action as a consequence of the performance in 2022/23 in relation to the Committees responsibilities. - Note or Approve items being considered as part of the 2023 to 2027 MTFS - Note or approve financial management transactions, such as virement and supplementary estimates, as required by the Constitution.	Director of Finance and Customer Services (s151 Officer)	N/A	No	Yes	Ensure that there is transparency in all aspects of council decision making	No
CP/37/22-23	23 Mar 2023	Strategic Risk Register Assurance Report 2022/23 Quarter 3	To provide update on Strategic Risk Register following a review of content at Q3.	Director of Governance and Compliance (Monitoring Officer)	Service area updates Early Feb 2022.	No	Yes	Ensure that there is transparency in all aspects of council decision making	No
CP/38/22-23	23 Mar 2023	Annual Cyber Security Update	To provide an update on Cyber Security, outlining key aspects and ongoing measures to protect against threats to CEC.	Executive Director Corporate Services	N/A	No	No	Ensure that there is transparency in all aspects of council decision making	No

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
CP/40/22-23	23 Mar 2023	Census 2021 Results	To receive a report of the key Cheshire East data from the 2021 Census, subject to it being available.	Director of Policy and Change	N/A	Yes	No	Ensure that there is transparency in all aspects of council decision making	No
CP/63/22-23	23 Mar 2023	Totality Report - Asylum Seekers and Resettlement Schemes	To provide members with a situational update, including the successes and challenges associated with the Asylum Seeker population, the ARAP/ACRS scheme and the Homes for Ukraine scheme.	Executive Director Adults, Health and Integration	No	No	No	Open	Yes
CP/60/22-23	23 Mar 2023	Calendar of Meetings 2023/24	To recommend to Council the calendar of meetings for the 2023/24 municipal year.	Executive Director Corporate Services	N/A	No	No	Ensure that there is transparency in all aspects of council decision making	No
CP/65/22-23	23 Mar 2023	Recommendations of the Cheshire East People's Panel	The report will provide the details of the Cheshire East People's Panel on the cost of living, including the 12 recommendations made by the Panel and the Council's response to the recommendations.	Director of Policy and Change	No	Yes	No	Open	No

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 9th November, 2022 in the Committee Suite 1,2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor A Stott (Chair)
Councillor S Carter (Vice-Chair)

Councillors D Brown, J Clowes, S Gardiner, N Mannion, B Puddicombe and M Warren

OFFICERS IN ATTENDANCE

Alex Thompson, Director of Finance and Customer Services
Paul Goodwin, Head of Finance
David Brown, Director of Governance and Compliance
Julie Gregory, Legal Team Manager
Lianne Halliday, Senior Procurement Manager
Helen Sefton, Business Rates Manager
Sara Duncalf, HR Operations Manager
Michael Moore, Head of Communications
Shelley Brough, Head of Integrated Commissioning
Josie Lloyd, Democratic Services
Jessica Wyatt, Corporate Services Apprentice (observing)

OTHERS PRESENT

Councillor Steven Hogben
Kevin Melling, Managing Director of Ansa Environmental Services Ltd

32 APOLOGIES FOR ABSENCE

There were no apologies for absence.

33 DECLARATIONS OF INTEREST

Councillor Gardiner declared an interest in item 8 as he was known to an individual named in the recommendations. Councillor Gardiner also had an interest to declare under item 13 which would be detailed in part 2 of the meeting given the confidential nature of the item.

In the interest of openness, Councillor Brown and Councillor Carter both declared that they were members of the Shareholder Working Group.

Councillor Hogben, as a visiting member, declared an interest in items 9, 14 and 15 as a non-executive director of ANSA.

34 **PUBLIC SPEAKING/OPEN SESSION**

There were no public speakers.

35 **MINUTES OF PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting held on 7 September 2022 be agreed as a correct record.

36 **FINANCIAL REVIEW 2022/23**

The Sub-Committee received the report which provided an overview of the Cheshire East Council forecast outturn for the financial year 2022/23 as reported to Corporate Policy Committee on 6 October 2022.

A query was raised regarding paragraph 8.5.1 and whether any data was available relating to savings that may have been made through carrying staff vacancies. Officers undertook to provide this data following the meeting.

The Sub-Committee approved the recommendations based on the information contained in the report, and noted that a further update on the Council's forecasts will be prepared after the Government's Autumn Statement, and reported to Corporate Policy Committee on 1 December 2022.

RESOLVED (unanimously):

That the Sub-Committee:

1. Note the forecast adverse Net Revenue financial pressure of £11.6m against a revised budget of £328.4m (3.5%) as reported to Corporate Policy
Committee on 6 October 2022.

2. Note the forecast Capital Spending of £179.6m against an approved MTFS budget £185.2m due to slippage carried forward from the previous year.

3. Endorse the approach of Senior Officers to mitigate the adverse forecasts through the activities outlined in each 'Action Plan' contained in Annex 1 (Appendices 1 to 7), which include:

- Managed restriction of in-year spending, whilst retaining essential services, in consultation with the relevant Committee.
- Reviewing the level of spending on key contracts and reviewing the need for contract renewals during 2022/23.
- Pricing and grant reviews to ensure income is being fully recovered on

related activity.

- Enhanced vacancy forecasting and management.
- Re-alignment of, and appropriate use of balances, such as earmarked
  reserves, General Reserves and capital receipts.
- Review and reprofile the Capital Programme to prevent any impact of
  related inflation on the revenue budget.

4. Note the contents of Annex 1 and each of the appendices, and note that any financial mitigation decisions requiring Member approval will be presented to the appropriate Committee.

5. Approve supplementary capital estimates up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 6, Section 5 Capital Strategy, Table 5.

6. Set up a Task Group to review the financial assumptions that will underpin the preparation of the Medium-Term Financial Strategy 2023/24-2026/27.

7. Note that Council will be asked to approve:
7.1. Fully funded supplementary revenue estimates for specific grants coded directly to services over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 6, Section 3 Corporate Grants Register, Table 1.
7.2. Supplementary capital estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 6, Section 5 Capital Strategy, Table 6.

8. Recommend Service Committees to:
8.1. Note the financial update and forecast outturn relevant to their terms of
reference.
8.2. Note that officers will seek to improve the financial outturn across all Committees to mitigate the overall forecast overspend of the Council.
8.3. Approve supplementary revenue estimates for specific grants coded directly to services up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 2 Children and Families Committee, Section 3 Corporate Grants Register, Table 2.

37 **THE GRANTS REGISTER**

The Sub-Committee received the report which set out the full Grants Register (unringfenced and ringfenced revenue grants) for 2022/23, including an update on the Shared Prosperity Fund.

With regard to the Shared Prosperity Fund, Members were informed that the Council is still awaiting Government approval for its Investment Plan.

A request was made for the Sub-Committee to receive more detail on the grants and financial arrangements of the Cheshire & Warrington Local Enterprise Partnership and it was agreed that this suggestion would be taken away to look at how best to deliver this.

RESOLVED:

That the Sub-Committee note the contents of the Grants Register contained at Annex A.

38 BUSINESS RATES DISCRETIONARY SCHEMES

The committee received the report which provided an overview of the Business Rates system and an update on the Government's review of Business Rates.

The Sub-Committee agreed to set up a working group to look at discretionary Business Rates. A report would come to the January meeting to consider terms of reference to establish the working group.

RESOLVED (unanimously):

That the Finance Sub-Committee note the report and approve the discretionary Business Rates policy as set out in Appendix 1.

39 GOVERNANCE OF THE CHESHIRE & WARRINGTON DF (GP) LTD

The Sub-Committee considered the report on governance of the Cheshire and Warrington DF (GP) Limited.

With regard to recommendation 3.4 of the report, the Sub-Committee considered the nature of the Limited Partnership structure and determined that authority should be delegated to the Chief Executive to name a representative to act on behalf of the Council as limited partner.

The recommendations were voted on individually and Cllr Gardiner abstained on recommendation 3.3 of the report, having declared an interest.

RESOLVED:

That the Finance Sub-Committee:

Unanimously:

1. Appoint Jayne Traverse, the Executive Director Place, as the Council's director on the Board of Cheshire and Warrington DF (GP) Limited.

By majority:

2. Approve the appointment of Steve Park, Director of Growth at Warrington Borough Council as a director of the Cheshire and Warrington DF (GP) Limited.

Unanimously:
3. Delegate to the Chief Executive the authority to name a representative of Cheshire East Council to act on its behalf with all matters relating to the Cheshire and Warrington Development Limited Partnership.

4. Authorise the Section 151 Officer to take all steps necessary to ensure that the Authority complies with the funding agreement entered into with DLUHC, formerly MHCLG.

40 **REVIEW OF WHOLLY-OWNED COMPANIES' BUSINESS PLANS**

The committee received the report which sought approval to re-establish the Shareholder Working Group to review the Business Plans of Ansa Environmental Services and Orbitas Bereavement Services, for the period 2023/24-2026/27, and related performance reports.

RESOLVED:

That the Finance Sub-Committee approve:

1. That a Shareholder Working Group be established to review the Business Plans of Ansa Environmental Services and Orbitas Bereavement Services, for the period 2023/24-2026/27, and related performance reports.

2. The Terms of Reference for the review as set out in Appendix A.

3. That the Shareholder Working Group be made up of the same Chair and Members as the working group established by the Sub-Committee on 7 September 2022 for the purposes of the governance review of whollyowned companies, along with supporting officers as set out in the Terms of Reference.

4. That the Shareholder Working Group co-opt officers or other individuals with appropriate expertise to provide information and advice, as required, as described in the Terms of Reference.

5. That the Chair of the Working Group provide a report back to the Sub-Committee in December 2022 based on the work of the Group, as required by its Terms of Reference for consideration by the Sub-Committee at its meeting on 11 January 2023.

41 **WORK PROGRAMME**

The Sub-Committee reviewed its work programme for 2022/23.

It was noted that the report on setting up a working group to look at Discretionary Business Rates would be added to the January agenda.

A request was made for the start time of the January meeting to be reviewed given the number of scheduled reports. It was agreed that this would be considered.

RESOLVED:

That the work programme be noted.

42 **PROCUREMENT PIPELINE**

The Sub-Committee considered an update report on the procurement pipeline for the Council, the contracts awarded since April 2022 and other procurement activity.

The detailed waivers referred to in the report would be considered in Part 2 of the meeting.

RESOLVED (unanimously):

That the Finance Sub-Committee

1. Note the procurement pipeline of activity in Appendix 1.

2. Approve the 1 new pipeline project in Appendix 1 as business as usual (column H approval required).

3. Note the contracts awarded by the Council since April 2022, Appendix 2.

43 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED:

That the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2, 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

44 **PROCUREMENT PIPELINE**

The Sub-Committee considered details of the waivers referred to in the Procurement Pipeline report.

RESOLVED:

That the details of individual waivers be noted.

45 **ANSA ENVIRONMENTAL SERVICES - RETENTION PAYMENTS**

The committee received the report on Ansa Environmental Services retention payments.

Concerns were raised regarding section 7.2.9 of the shareholder agreement and it was agreed that the Shareholder Working Group, at their upcoming meeting, would look into this and report back to the Finance Sub-Committee January meeting.

RESOLVED (by majority):

That the recommendations as set out in the report be approved.

46 **ANSA HOUSEHOLD WASTE CENTRE PROCUREMENT**

The committee received the report on the ANSA Household Waste Centre Procurement.

RESOLVED (unanimously):

That the recommendations as set out in the report be approved.

The meeting commenced at 14:00 and concluded at 18:15

Councillor A Stott (Chair)

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Thursday, 19th January, 2023 in the Committee Suite 1 ,2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor A Stott (Chair)

Councillors D Brown, J Clowes, S Corcoran, N Mannion, A Martin, B Puddicombe and M Warren

OFFICERS
Alex Thompson, Director of Finance and Customer Services
David Brown, Director of Governance and Compliance
Andy Kehoe, Head of Estates
Philip Jennings, Principal Lawyer
Paul Mountford, Democratic Services

The Chair referred to the sad passing of the Sub-Committee's Vice-Chair, Councillor Steve Carter, on 29th December 2022. All stood for a minute's silence as a mark of respect.

The Chair welcomed two new members of the Sub-Committee, Councillors Sam Corcoran and Andrew Martin. Councillor Martin had replaced Councillor Stewart Gardiner who had recently stepped down from the Sub-Committee. The Chair placed on record her thanks to Councillor Gardiner for his service to the Sub-Committee.

The Chair informed the Sub-Committee that Councillor Brian Puddicombe would be nominated as Vice-Chair of the Sub-Committee at the next full Council meeting.

1 DECLARATIONS OF INTEREST

Councillor N Mannion declared an interest as a trustee of the Macclesfield Community Sports Trust, which was a sub-tenant of the current lessee of a property referred to in Appendix C to the Asset Management report.

2 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 9th November 2022 be approved as a correct record.

3 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

4 **MEDIUM-TERM FINANCIAL STRATEGY 2023-27 CONSULTATION**

The Sub-Committee considered a report on the Medium-Term Financial Strategy 2023-27.

The Sub-Committee was being asked to provide feedback, as consultees, on the development of the MTFS in relation to the Sub-Committee's responsibilities. The feedback would be presented to the Corporate Policy Committee for consideration on 9th February 2023 before a balanced budget was presented to full Council on 22nd February 2023 for final review and approval.

In response to members' questions, officers commented as follows:

- The un-ringfenced specific grant levels for 2023/24 and 2024/25 were in the order of £26.4M and £29.1M respectively, showing an increase over time. Further details were available in the full MTFS available on the Council's website.
- The figures for bad debt provision adjustment related largely to adult social care. The figures did not include deferred debt.
- With regard to the Council paying the rate increases on its own properties from the Collection Fund earmarked reserve, the increases related to revaluations rather than inflation, the Government having frozen business rates nationally for the current financial year. The Council usually funded its business rates from general funding and the use of the Collection Fund was a temporary arrangement.

The officers were thanked for having produced the budget on time in conditions of uncertainty.

RESOLVED

That

1. the Sub-Committee notes:

   (a) the year-end forecast outturn position for 2022/23 (Appendix 1 to the report);

   (b) the financial context and proposals contained within the Executive Summary of the Medium-Term Financial Strategy (MTFS report Annex C, Section 1); and

   (c) Revenue Grant Funding (Appendix 2); and

2. the Sub-Committee's feedback be provided on the proposals and current strategies within the MTFS, as related to the Sub-Committee's responsibilities, in order to support and advise full Council in fulfilling its

responsibilities to approve a balanced budget for 2023/24, in the following areas as detailed in the Appendices to the report:

Revenue Proposals (Appendix 3)
Capital Strategy (Appendix 4)
Treasury Management Strategy (Appendix 5)
Investment Strategy (Appendix 6)
Reserves Strategy (Appendix 7)

5 NOTICE OF MOTION - FAIR TAX DECLARATION

The Sub-Committee considered a report which set out the response to a Notice of Motion on Fair Tax Declaration.

The motion on Fair Tax Declaration, proposed by Councillor P Williams and Seconded by Councillor N Mannion, was as follows:

Recognising that Cheshire East Council already meets some of the requirements of the Fair Tax Declaration, Council resolves to sign-up to the Declaration in its entirety.

The full text of the Notice of Motion was appended to the report. The Fair Tax Declaration asked councils to make a number of specific pledges as detailed in the report.

There was concern among some members that the due diligence required under the terms of the Declaration would place a significant burden on the Council.

Councillor Mannion spoke as the seconder of the Notice of Motion at Council and highlighted that the Declaration asked councils to use their ‘reasonable best endeavours’ in meeting the Declaration’s pledges and to encourage their commercial partners to act responsibly.

RESOLVED (by majority)

That the Sub-Committee approves the Council signing the Fair Tax Declaration.

6 APPOINTMENTS TO WORKING GROUPS

The Sub-Committee considered a report on changes to the membership of the following working groups:

ASDV Governance Review Working Group
Shareholder Working Group

Two vacancies had arisen on each working group as a result of the death of Councillor Carter and the departure from the working groups of Councillor Sarah Pochin following a review by the Independent Group of its representation on the working groups, Councillor Pochin having ceased to be a member of the Independent Group. Councillors Sam Corcoran and David Jefferay had been nominated by their political groups to fill the vacancies.

Councillor Carter had also been the Chair of both working groups, leaving a vacancy of Chair on each working group.

The Sub-Committee was informed that there was also a vacancy of shareholder representative on the board of Tatton Park Enterprises following Councillor Gardiner's recent resignation from the Sub-Committee. Councillor Janet Clowes had expressed the wish to replace Councillor Gardiner on the board.

RESOLVED (unanimously)

That

1. Councillors Sam Corcoran and David Jefferay be appointed to both of the following working groups:

   ASDV Governance Review Working Group
   Shareholder Working Group

2. Councillor Sam Corcoran be appointed as chair of both working groups;

3. if future vacancies occur on either working group, the relevant political group appoint a replacement; and

4. Councillor Janet Clowes be appointed as the shareholder representative and observer on the board of Tatton Part Enterprises.

7 **WORK PROGRAMME**

The Sub-Committee reviewed its remaining work programme for 2022/23.

It was reported that in addition to the items on the work programme, there would be a report back to the March meeting from the Shareholder Working Group in relation to the business plans of the wholly-owned companies.

Officers advised that it would be necessary in due course to consider a response to the proposed consultation on National Business Rates. However, as that consultation had not yet been launched, there was little merit in having the item on the current work programme. It was therefore proposed that the item be removed.

With regard to a proposed item for the March meeting on the appointment of a Business Rates Working Group, Councillor Clowes signalled her interest in becoming a member of the working group, having previously been involved with this area of work.

RESOLVED

That subject to the changes discussed at the meeting, the work programme be noted.

8 **ASSET MANAGEMENT**

The Sub-Committee considered a report which provided information on the property acquisitions and disposals undertaken by the Council in the first two quarters of the 2022-23 financial year, and information on pending transactions and a potential pipeline of further activity.

Appendix C to the report contained commercially sensitive information on property transactions and would be considered in part 2 of the meeting.

RESOLVED (unanimously)

That subject to detailed consideration of Appendix C in part 2 of the meeting, the Sub-Committee notes:

1. the acquisition and disposal activity of the Council for the period 1st April 2022 to 30th September 2022 as set out in the Appendices:

    Appendix A - Summary of Acquisitions
    Appendix B - Disposals completed
    Appendix C - Disposals Programme

2. the pipeline of property transaction activity and the potential impact on the MTFS.

9 **EXCLUSION OF THE PRESS AND PUBLIC**

That the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

The Sub-Committee adjourned for a five minute break.

10 **ASSET MANAGEMENT**

The Sub-Committee considered Appendix C to the Asset Management report.

RESOLVED

That the contents of Appendix C to the report be noted.

11 ANSA HOUSEHOLD WASTE CENTRE PROCUREMENT - UPDATE

The Sub-Committee considered an update report on the ANSA Household Waste Centre Procurement.

RESOLVED

That the update report be noted.

12 SETTLEMENT OF A SUBROGATED INSURANCE CLAIM

The Sub-Committee considered a report on the proposed settlement of a subrogated insurance claim.

RESOLVED (unanimously)

That the Sub-Committee

1. approves a settlement of the Subrogated Insured Claim as against the defendants;

2. delegates the responsibility for the negotiation and finalising of a settlement of the Subrogated Insured Claim to the Executive Director of Adult Social Care in consultation with the Director of Governance and Compliance; and

3. delegates the responsibility for the negotiation and finalising of a settlement of the Other Uninsured Claims as against the defendants to the Executive Director of Adult Social Care in consultation with the Director of Governance and Compliance.

The meeting commenced at 10.00 am and concluded at 11.39 am

Councillor A Stott (Chair)

Cheshire East Council

Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	9th February 2023
Report Title:	The Future Model for ICT: Shared Service Review
Report of:	Jane Burns, Executive Director, Corporate Services, Cheshire East Council
Report Reference No:	CP/59/22-23
Ward(s) Affected:	All

1. Purpose of Report

1.1. A review of the arrangements for ICT between Cheshire East and Cheshire West and Chester Councils has been completed and requires consideration by the Corporate Policy Committee.

2. Executive Summary

2.1. This report provides the final conclusions of the ICT Shared Service Review. It proposes moving from the current shared service to a hybrid model. This would involve retaining a shared data centre and network but would involve separation and reconfiguration of other functions that are currently shared including helpdesk, device support, application support, architecture and projects.

2.2. Further details on the rationale, financial case, the transition plan, and mitigations to any key risks are within the body of the report.

2.3. This is a significant decision for both councils. It has been considered by the Shared Services Joint Committee, which oversees all the shared services arrangements between the two councils. Their advice and recommendations have been made available to both councils decision-making bodies (Appendix 2). For Cheshire East Council, that is the Corporate Policy Committee.

3. Recommendations

3.1. That the Corporate Policy Committee:

3.1.1. approve the move to a hybrid model for ICT and to progress consultation with the trade unions based on all necessary considerations included in this report.

3.1.2. progress full consultation and engagement with staff and trade unions, informing a more detailed design of a new hybrid model and the approach to the reconfiguration of the service.

3.1.3. agree that a revised agreement setting out the future arrangements for ICT across both Councils will be prepared and entered into following the above stages and the implementation of a new tenancy model.

3.1.4. commit the necessary resources to implement a new tenancy model and the mobilisation of the programme, subject to the approval of the additional investment as part of the MTFS.

3.1.5. approve the principle of shared employment related liability and costs between Cheshire East and Cheshire West and Chester Councils relating to the transitional period and any disaggregation process leading to the move to a hybrid model for ICT and delegates to the respective Heads of Legal Services to agree the terms of any amendments to the Staff Transfer Agreement, ICT Services Agreement, or related documents.

3.1.6. delegate authority to the Executive Director of Corporate Services to procure and award contracts for relevant technical partner and transformation capacity.

3.1.7. Reaffirm that Member oversight will continue to be provided by the Shared Services Joint Committee and the Joint Member Scrutiny Task Group.

4. Reasons for Recommendations

4.1. A review of the arrangements for ICT between the two councils has been completed. Should the decision to move to a hybrid model be approved, there are a number of steps required before implementation. They include full consultation and engagement with trade unions and staff, a revised agreement covering future arrangements once consultation has completed, release of resources to mobilise the programme, work on an agreement to share employment liability and costs as they relate the transition to the new model and invoking the necessary procurement processes.

4.2. Both councils will be considering the recommendations in line with their individual governance arrangements. Subject to a decision being made, Members will continue to play critical roles in the programme both through the Shared Services Joint Committee and the Joint Member Scrutiny Task Group which oversee shared services. Both bodies include three members from each council. Further detail is in section 6.18 and appendix 2.

5. Other Options Considered

5.1. A detailed piece of work was undertaken to understand what each council required from ICT services. A range of alternative models including enhancing the shared service, moving to a managed service, outsourcing ICT, a full separation and hybrid model were considered. The enhanced model and hybrid model were taken forward for further consideration as the others options would not deliver the benefits, represent value for money or align with the councils ' priorities and deliverability. The officer project board considered two options - improving the ‘as is’ model, and a new hybrid operating model - that involves separating some elements of the service where strategy and policy do not align. Both councils already have separate ICT client functions.

5.2. The improved ‘as is’ option meant taking some decisions that would not destabilise the current model but would not introduce sufficient improvements to provide the Councils with an improved service that could allow for greater freedoms to deliver against their strategies. Central to this is the recognition and acceptance that the two Councils have different local priorities, policies and requirements. The move to separate Microsoft Office 365 tenancies for each council, splitting the single tenancy that currently exists between the two Councils would provide greater flexibilities for each to adopt various single elements of Microsoft platforms to better suit their needs. It still required an alignment between the two Councils on security requirements and the customer support model but would allow a greater choice of device. Other improvements would include the introduction of industry standards which provide a high degree of focus of customer satisfaction and end user requirement.

5.3. The Hybrid option builds on many of the initial aspects of the improved ‘as is’ approach, but then recognises the further opportunities that this then presents. It capitalises on all the work achieved over the last decade by the Shared Service and the maturing of the IT market into a consumable service model by providing a solid platform from which to move forward, recognising that each Council has different drivers and priorities, recommending a staged and pragmatic approach to implementation to minimise or negate service disruption.

5.4. The Hybrid option recognises the value of some important elements of the shared service, principally the network management and the datacentre remaining shared in the medium term but moves it to the next logical step for the Councils if they are not progressing with a single set of core services which form the backbone of the Shared services business model. This will create two separate IT and Digital functions, one for each Council, where this makes sense and migrate applications to the Cloud and decommissions all legacy functions. However, the degree of technical integration in the single core on-premise platform (the Kelly House Datacentre) will mean taking a long term and staged approach.

5.5. This is an important consideration, as it brings together the clarity of shorter-term goals with the depth of longer-term planning. However, this approach will provide each Council with the desired control of their digital and technology roadmaps. In the longer term it also will allow for an orderly and safe retirement of the remaining technical debt the Councils share.

6. Background

6.1. The ICT Shared Service was formed in 2009 to provide resilience following local government reorganisation. It also initially enabled the two councils to share overheads and reduce costs. However, the long-term future of the shared service and its ability to meet the needs of the two councils within available resources has been subject to review for a period of a time. In 2017 an independent review was commissioned by both councils and reported to the Shared Services Joint Committee. The review concluded a hybrid model was required with an element of shared activity but also a separation of some shared functions over time. It was proposed that this takes place following an investment in shared infrastructure and the upgrade to new Microsoft platforms. This programme, known as Evolution, was delivered through to 2020 and proved vital to adapting to new working arrangement during the COVID-19 pandemic.

6.2. Following the delivery of Evolution, there was the opportunity to revisit the journey to move to a new model of ICT delivery. This formed part of a wider strategic review commissioned by both Councils in 2021 to review all shared services. It was agreed that an external perspective and expertise would be valuable, and a specification was drawn up, a procurement exercise undertaken, and C.Co., the consultancy arm of CIPFA, were appointed to conduct the reviews. On 24 September 2021 it was reported to Members that a hybrid model was recommended by C.Co. This involves sharing infrastructure such as the data centre and network but separating remaining ICT functions between the councils. The review concluded this would support an effective and efficient service which responds to the latest trends in ICT.

6.3. This represents a major change to current ways of working to a vital service. Both councils therefore agreed that further due diligence was required to secure further assurance on the financial, technical, and practical implications of this proposal. This review has been fully considered by both councils and the proposals are now in a position for consideration by the Committee.

Rationale for a new model

6.4. It is important to note external factors which have prompted the need to revisit the current ICT model. Firstly, over the last decade, ICT has changed from a ‘back-office’ service to a ‘strategic enabler’ of transformation. This means an in-depth understanding of the organisation, individual business processes and services where technology support is needed to drive new ways of working. Secondly, many systems are now hosted by software vendors including upgrades, incident response, training and helpdesk. The vendors then seek economies of scale by providing these services to many customers. Previously organisations delivered these functions in house and could collaborate with other organisations to deliver economies of scale. Whilst this does mean certain aspects reduce within ICT there will still be a requirement to manage these contracts with external suppliers to ensure, identity, security, connectivity and user experience are being managed end to end.

6.5. In this context, a key role for an ICT service is to enable transformation but also work closely with the business to ensure demand for technology is managed and a coherent approach to technology design and investment is secured. This is more challenging across two Councils with different objectives, demands, designs and priorities. ICT requirements must be fully aligned to the needs and priorities of an organisation, and it is now harder to standardise all aspects of ICT and share across organisations than in the past. This is reflected with fewer new shared services across local government and some separations over time.

6.6. On 24 September 2021 the Shared Service Joint Committee considered the findings of the initial review conducted by C.CO and supported a more detailed period of due diligence related to ICT. A range of alternative models including enhancing the shared service, moving to a managed service, outsourcing ICT, a full separation and hybrid model were considered. The hybrid model was recommended on delivering benefits, representing value for money, alignment with both councils priorities and deliverability.

6.7. The review was conducted collaboratively. It was noted that despite best efforts and strong relationships, trends in ICT would suggest that the current shared service model needs to evolve towards a hybrid approach. If the current model was to continue alongside these trends, there is a risk the service would become less effective and more complex. Both councils rightly have their own business priorities, plans and service designs. Without real convergence shared ICT will not be optimised. For this reason, the councils share very few systems and rarely collaborate on business focused projects. There are limited economies of scale except for the data centre and network infrastructure which is more capable of standardisation and sharing across organisations.

6.8. This situation has increasingly made the shared service arrangement difficult to manage with overlapping accountabilities, complex governance, and budget instability. Due to duplication and the challenges of aligning with each council, the overall costs of ICT across the shared service and the two councils are above average compared to the costs of ICT across local government.

6.9. It was noted that with a hybrid model there was greater chance of the two councils fully aligning their ICT functions with their respective organisations, while still securing economies of scale for shared infrastructure. This in turn this could increase the chance of the ICT offer to be fully responsive and more efficient.

Key aspects of the hybrid model

6.10. The key elements of the recommended model are as follows:

- Teams relating to the data centre and networks will remain shared but be redesigned over time to be even more efficient and effective. A new shared services agreement will outline the operational management, governance and oversight arrangement for the redesigned service overtime. This will factor in the councils' future plans for on-premise infrastructure with strategic governance remaining through the Shared Service Joint Committee.
- Leadership, strategy, projects, end user computing, cloud infrastructure, applications management, schools and digital functions would be separated.
- Following this disaggregation, any duplication with ICT teams within each council would be addressed through a redesign.
- Both councils currently share a tenancy or shared technology platform which hosts Microsoft Office 365. This shared approach does not secure economies of scale as each council has a different approach to the use of these products in line with their priorities and service designs. It is recommended that each council should have a separate tenancy and one shared tenancy, to support legacy data/systems until such time as they are migrated or new applications are implemented, to allow greater flexibility in line with best practice. It is expected these changes to the tenancy would have happened anyway in line with security best practice but to exploit the benefits it should be done alongside a change to the delivery model.

- Each council would then deliver an accelerated programme of rationalising the number of systems it is responsible for and also transition to cloud-hosted solutions where appropriate.
- In addition, following the move to a new model, the councils could do more to encourage more self service and also move to a new model of ICT support known as ITIL 4. ITIL is a best practice framework for ICT Service Management. Where ITIL4 differs from earlier versions is that it is focussed on value and value chains. It is still about doing the right things but it's about doing the things that deliver value to the organisation. It encourages IT organisations to eliminate the activities that deliver little or no value. It is based on Optimisation and Automation, a move to self-service.
- The tasks above would potentially be more achievable through a hybrid model and enable each council to manage the ongoing costs of technology in line with best practice elsewhere. However, these changes would not be automatic. Moving to a new model would be necessary but not sufficient. A new way of working would be required in each council to manage ICT demand in line with needs of services but also the wider organisation.
- The benefits for users will include fewer hand-offs, clearer accountability, clearer roles and responsibilities to progress ICT related issues and the ability to position skilled ICT staff closer the services they support.
- To release the benefits, each council would need to drive a new way of working where council services buy in to rationalising the number of systems required, greater use of self-serve, and to work with solutions that bring wider benefits to the organisation as a whole and its customers. In addition, each council would need to budget for a programme of decommissioning as part of their ongoing technology investment priorities following the transition to a new model.
- The new model will allow for each council to work with schools within their borough and adopt strategies and approaches to support them in line with each councils' objectives.
- It is proposed that the change would take place over three years, with the organisational separation and tenancy split happening within 18 months. There has been detailed consideration of the transition plan, impact on staff, resourcing, and risk management**.**

6.11. The new model for ICT will achieve a number of non-financial benefits, many of which will directly benefit services and users, these are summarised as:

- **Productivity**: The new model will allow councils to have a greater ICT presence working directly with services to focus on how technology and systems add value to their business process, supporting training and adoption, enable increased productivity and supporting each Council to meet the needs and demands from residents and communities.

- **Flexibility, agility and sovereignty**: Councils will have separate tenancies and greater flexibility to put in place the capabilities that will benefit their individual service needs and have the ability to flex the ICT model to their council's and community's needs.
- **Managing demand**: Putting in place key capabilities and supporting the move to user self-service through each Councils own networks (Bright Sparks and Tech Champs) to help manage the demands on ICT which will allow ICT to truly become a strategic enabler of transformation for each council.
- **Users benefits**: Users of ICT will experience fewer hand offs, clearer accountability, clearer understanding of who is responsible for what aspects of ICT to ultimately receive a quicker resolution of issues & requests.
- **Simplification**: Through closer working of technical and service resources the Councils will be in a better position to accelerate plans to rationalise the number of applications and to decommission redundant legacy applications.
- **ICT Employee benefits**: We will build on the flexibility and remote working already adopted to ensure wellbeing is at the centre of staff development. It will provide stability for the service(s), removing previous complexity and uncertainty in both role and structure. Both councils investment in modern technology and equipment is also an important attraction for ICT employees. Advanced technology attracts ICT talent as they get an opportunity to fulfil their digital ambition and get hands-on experience with the latest technology capabilities, and further contribute to the Councils' digital transformation.

6.12. It is proposed that, the change would take place over three years, with the organisational separation and tenancy split happening within 18 months. There has been detailed consideration of the transition plan, impact on staff, resourcing, and risk management. Following the decision, a detailed implementation plan will be drafted.

6.13. A more detailed Gantt chart is outlined in appendix 3 outlining the key stages, activities above and estimated cost profile.

6.14. Key aspects of the transition would be as follows:

Key stage	Activity	Timescale
Consultation and engagement with Unions and staff	• Initial briefing and commencing consultation and engagement with unions and staff.	Jan/Feb 23 and ongoing
Mobilisation	• Establish governance and programme controls • Procure technical partner and transformation capacity • Source internal enabling resource	Feb 23 to May 23 (4 months)
Technology change	• Establish new council O365 tenancies • Begin preparations for system consolidation and decommissioning	June 23 to Aug 24 (15 months)
Workforce change	1. Consultation and engagement with trade unions & workforce on approach and disaggregation criteria. 2. Disaggregation process 3. Reconfiguration of retained shared service	Feb 23 to Sept 24 (19 months)
Formalisation	• Drafting & approval of shared service agreements to reflect new arrangement • Proposed Soft Launch of the new service model • Formal disaggregation of staff	Sept 24 to Mar 25 (6 Months)
Benefits realisation managed by individual councils	• Workforce reconfiguration • Implementation of new ways of working (ITIL 4)	Jan 25 to Jun 25 (6 months)
Additional future benefits linked to further rationalisation	• Additional rationalisation of systems and decommissioning • Further optimisation of retained shared service	Jun 25 to Mar 26

6.15. The transition will have its challenges and will need to be carefully managed, but overall, the review concluded that moving toward the hybrid model is more likely to be cost effective, will be more aligned to each council’s needs, and secures economies of scale of sharing where appropriate.

6.16. This is a complex, business change programme, affecting both councils which will require significant investment to release savings over a 3 to 4-year period.

6.17. Parallels will be drawn with the implementation of UNIT 4. While there are some similarities, it should be noted that this project is largely different to Best for Business. It does not require significant levels of training, immediate changes to business processes or detailed technical design at granular level. The change is more about a less complex technical change to the tenancy and an organisational design change. Nevertheless, it is important to incorporate any lessons learned into the design of this potential programme. The table below sets out the key messages from the recent lessons learned review reported to the Shared Services Joint Committee and how they have been reflected in this proposal.

Lesson learned	Response
Appropriate expertise and capacity from the outset	• Expert advice has been utilised from the outset • Transformation and technical support will be sourced, supplemented by internal resources with funding to manage any backfill implications, and appropriate third-party skills and experience.
Involvement of key stakeholder groups and business change embedded throughout the programme	• Extent of business change will initially be kept to a minimum • Engagement with staff and trade unions • Engagement with Members throughout the process • Engagement with tech champions / bright sparks on any changes
Clear governance and accountability	• Governance arrangements set out in section 6.18 and appendix 2 • Clearly defined workstreams and accountabilities
Optimum procurement and contact management arrangements	• Market testing for tenancy changes to provide assurance • Contract model will be provide flexibility to manage the programme
Robust business case with prudent assumptions	• Costs and benefits have been modelled through due diligence • Contingency has been included in the costs

6.18. Governance

6.18.1. It is the responsibility of each individual council to seek approval from their elected Members to proceed with a new model and identify the one-off resources required to fund the transition.

6.18.2. If the proposals are approved, programme management governance arrangements will be mobilised. Clear workstreams have been identified with clear accountabilities to manage the transition.

6.18.3. At elected Member level it is proposed that the Shared Services Joint Committee oversee progress with the transition alongside their current responsibilities through regular reports and agenda items. They will also play a key role, going forward, to oversee the retained shared service.

6.18.4. In addition, it is recommended that strong Member oversight is provided through a joint Cheshire East/Cheshire West and Chester Council scrutiny task and finish group to update on progress throughout the programme.

6.18.5. A full governance structure is included in Appendix 2.

7. Consultation and Engagement

7.1. There will be full consultation and engagement with unions and staff on the move to a hybrid model and approach to the reconfiguration of the service. Details are in section 8.5 below.

8. Implications

8.1. Legal

8.1.1. The Shared Services Administrative Agreement, ICT Shared Service Agreement and Staff Transfer Agreement set out the overall arrangements in relation to the way the councils will work together and the approach to transition away from the current model. The planned transition is in line with the principles in this agreement.

8.1.2. The councils have agreed an approach to share any potential employment related liabilities and costs relating to the transitional period and any disaggregation process leading to the move to a hybrid model for ICT that are not covered under the existing agreements and these changes will be formally agreed by any necessary amendments to the Staff Transfer Agreement, ICT Services Agreement or related documents..

8.1.3. A revised Shared Service Agreement will be developed to underpin the new retained shared service arrangement, together with associated Service Definitions, Service Specifications, Service Level Agreements, Charges and Payment Mechanisms, all of which will be subject to agreement and review by the Shared Services Joint Committee.

8.1.4. Please see confidential appendix 5 which contains legally privileged advice prepared for the Shared Services Joint Committee Meeting on 26th January 2023.

8.2. Finance

8.2.1. It is recognised that significant expenditure is incurred to support ICT day-to-day service delivery and projects. It is vital that a compelling and deliverable financial case is made to ensure any change represents value for money.

8.2.2. The budget for ICT shared service is currently £17m (gross) which is primarily funded by a combination of Business as Usual (BAU) charge to the two councils (Revenue) and Project incomes (Capital) as well as some other elements e.g., schools, project income of £6.3m and schools' income of £1m is assumed in this budget.

8.2.3. Due to reducing project income to meet current costs, reduced schools' income, and inflationary pressures, the service reported a overspend of £1.8m in 2021/22 following mitigations. An overspend of £2.3m is currently expected in 2022/23 following mitigations.

8.2.4. The total costs of ICT across the two councils were above the average benchmark although it is recognised that shared service arrangements like Cheshire were not available.

8.2.5. To transition to a new model, one-off investment of £5.1m (£2.55m per Council) would be required. This would provide:

- Technical resources and external specialist technical support to create and migrate the councils to new tenancies.
- Transformation support, backfill for corporate enablers and shadow management to ensure the delivery of the programme and transition of the workforce.
- A level of contingency to ensure that the programme can respond to potential risks.

8.2.6. The one-off costs will be shared 50:50 across the two councils. For Cheshire East, the investment is put forward as part of the MTFS which is the subject of a separate report on the agenda and will be subject to approval by Council on 22 February 2023. The investment costs above have been fully considered by both councils and prudently assessed. Soft market testing with Microsoft gold partners and reference calls with other local authorities has taken place to secure realistic supplier costs for the technical aspects of the change which makes up a significant proportion of the costs. Any existing capital budgets that would already be incurred have been excluded from the table above to provide clarity on the total additional one-off cost required.

8.2.7. Following consultation and implementation of the new model, the transfer of staff and the transition to the new model, each council would then become liable for any future risks, redundancies, migration to cloud-based solutions and decommissioning costs which are not included in this business case and would need to be factored into each council's budget planning which is currently the case.

8.2.8. The proposal projects financial savings of £2.67m per annum from year 3. Most of the savings would be achieved through workforce changes, particularly reduction in the use of contractors and vacancies. Contract costs are also expected to reduce by £0.5m. The scale of the benefit varies for each council as they start from different points in terms of technology investment. Potential organisational structures have been modelled in each council to provide assurance that a viable and affordable service is possible in line with the projected benefits. It should be noted that this financial benefit avoids the project future overspend. It must be noted that each council will make different choices on their organisational structures and ICT configuration so may secure more savings than these projected benefits. These benefits also combine capital and revenue.

8.2.9. The table below outlines the projected payback period based on assumptions shared by both councils on the approach towards transition and including the allocation of contingency.

8.2.10. Broadly the investment is recovered by the 4th year of the programme.

	2023-24	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000	£000
CW&C	£1,237	£1,318	(£1,200)	(£1,200)	(£1,200)
CEC	£1,238	£1,317	(£1,472)	(£1,472)	(£1,472)
Total	£2,475	£2,635	(£2,672)	(£2,672)	(£2,672)

8.2.11. As shown in the table above the benefits to each council differ, this is linked to the differing levels of investment and income into the shared service from elements such as projects and schools.

8.3. Policy

8.3.1. The new hybrid model will be aligned to each councils' policies. Common ICT policies will be agreed for the retained shared service.

8.4. Equality

8.4.1. There are no direct equality implications at this stage

8.5. Human Resources

8.5.1. All staff working in the current shared service arrangement are employed by Cheshire East Council. Any change of this nature may create uncertainty for staff. Throughout the review period, staff and Trade Unions have been briefed. There will be full consultation and engagement with unions and staff on the move to a hybrid model, informing a more detailed design of a new model and the approach to the reconfiguration of the service, including any disaggregation process.

8.5.2. Both councils fully recognise the vital contribution of all staff involved in supporting services with their technology requirements and this is a significant change for how the workforce will operate. It is essential that a considered approach is taken to supporting all staff through this transition while remaining focused on delivering a new model for ICT. Key aspects of the approach include:

- Fully engaging with the workforce on the model and ensuring that appropriate mechanisms are in place to support the ongoing engagement of and communication with the workforce.
- Fully consulting with the representative trade unions to ensure that workforce views are considered throughout.
- Putting in place arrangements for a fair disaggregation of staff to provide assurance to staff about their future.
- Enhancing opportunities for growth and development within the workforce to ensure that there are the right skills available for both Councils.
- Exploring measures that enhance retention and recruitment during and after the transition.
- Minimise as far as possible any uncertainty which may be felt throughout the transition and provide clarity and assurance to the workforce.
- Reducing the use of agency staff in non-specialist areas.
- Where possible, avoiding redundancies.

8.5.3. It is proposed that an approach applying the principles of TUPE to transition the workforce would be used. The intention of this would be to protect workers and to ensure that each Council has the skills and knowledge that are required in order to the deliver the service.

8.5.4. Following a Member decision to support the move to a hybrid model, consultation will take place with trade unions and the workforce. Through the proposed governance, Members will be informed of any significant impact on the model or business case that arises. If further decisions are required following consultation processes they will be made through appropriate governance mechanisms.

8.6. Risk Management

8.6.1. Like any major project, the transition will not be without challenges, but key risks have been identified and mitigations are planned. It is also worth noting the risk of doing nothing could mean more complexity, additional ongoing costs, and a less responsive model. The following table summarises these risks and mitigations. A fully scored risk register will be established and reported on as part of the programme and member governance.

Key Risk	**Mitigations**
The transition will be disruptive to the day-to-day business of each council who are increasingly dependent on stable ICT for operational delivery.	• Services should not be visibly impacted by the technical change • New devices will need to be deployed but this was already planned in line with each council's upgrade policy and is a well-managed process • ICT support will continue to be made available to both councils during the transition and a transition to new arrangements to access support will be well communicated
Staff may feel unsettled through the transition leading to potential challenges of retention & recruitment & potential impact on service delivery	• Continuous engagement with staff will remain through-out • Early and continued engagement and full consultation with trade unions • The transition will create new opportunities for staff and both councils will commit to support and development. • An assessment of key skills has been initiated and arrangement to fill key roles if critical vacancies arise have been discussed.
The transition impacts on strategic transformation programmes such as health and care integration.	• Additional resources are factored into the cost for the programme on top of existing resources aligned to strategic programmes.

	• Programme resources through interdependency management and careful planning will work to minimise any impacts and seek out opportunities to accelerate.
The programme will require commitment and resources at a time when both councils have financial challenges and existing priorities and work programmes that need to be delivered	• Oversight of existing arrangements already consumes significant capacity at all levels. • Backfill funding for people in existing roles who need to be fully engaged with the project is in place.
The budget for the transition is not sufficient due to external factors such as hyper inflation, market failure, policy shift leading to a request for further resource, within tight financial circumstances.	• Technical costs have been validated with suppliers and other local authorities and recognise similar exercises carried out elsewhere in local government. • Contingency has been built into the financial case. • Strong financial reporting and risk management will be in place during the transition.
The financial benefits are not accurate and are therefore not realised.	• Initial projected savings have been reduced to be prudent. • There is clarity on where savings will need to be realised.
The transition creates key skill gaps as specialist roles cannot be separated.	• An assessment of these limited cases will be completed with specialist recruitment in place for key vacancies.
Councils do not deliver the consolidation in complex demand leading to under delivering against projected financial benefits.	• There is a much stronger chance of delivering these through more effective demand management approaches that are possible through a hybrid model and greater alignment to each council. • Financial benefits will continue to be monitored throughout the implementation of the programme and beyond.

8.7. Rural Communities

8.7.1. The fundamental principles proposed for the ICT Strategy will ensure that inclusion is at the heart of all proposals including our rural communities. ICT Services will continue to coproduce and collaborate with the Cheshire and Merseyside regional connectivity teams, the Local Enterprise Partnership and Connected Cheshire programme at both a Cheshire East Place and at the Cheshire and Merseyside regional level to ensure that the ICT Strategy will meet their integration and connectivity needs.

8.8. Children and Young People/Cared for Children

8.8.1. ICT Services will continue to work with the Children's Services Transformation Board and Schools to determine ICT requirements for inclusion in the ICT Strategy.

8.9. Public Health

8.9.1. ICT Services will continue to work with the Adults Social Care and Public Health Strategic Departmental Management Team to determine ICT requirements for inclusion in the ICT Strategy.

8.9.2. ICT Services will continue to coproduce and collaborate with Health and Social Care colleagues at both a Cheshire East Place and at the Cheshire and Merseyside regional level to ensure that the ICT Strategy will meet their integration and data sharing needs.

8.9.3. ICT Services will also continue to work with North West Adults Directors of Social Care (NW ADASS) colleagues to coproduce and collaborate at a regional level to ensure that the ICT Strategy will meet their integration and data sharing needs.

8.10. Climate Change

8.10.1. One of the principles of the ICT Strategy is to "ensure ICT governance and architectural practices are sustainable for the future". The ICT Strategy will enable the Councils commitment to be carbon neutral by 2025 and, by adopting Cloud first technology, influence carbon reduction across the ICT estate.

Access to Information	
Contact Officer:	Name Gareth Pawlett Job Title Chief Information Officer E Mail gareth.pawlett@cheshireeast.gov.uk
Appendices:	Appendix 1 – timeline Appendix 2 – governance structure Appendix 3 – Gantt chart Appendix 4 - Shared Services Joint Committee report – 26 January 2023 Appendix 5 - legally privileged advice prepared for the Shared Services Joint Committee Meeting on 26th January 2023 (EXEMPT)
Background Papers:	Previous reports to the Joint Committee can be found here http://moderngov.cheshireeast.gov.uk/ecminutes/ieListMeetings.aspx?CId=427&Year=0

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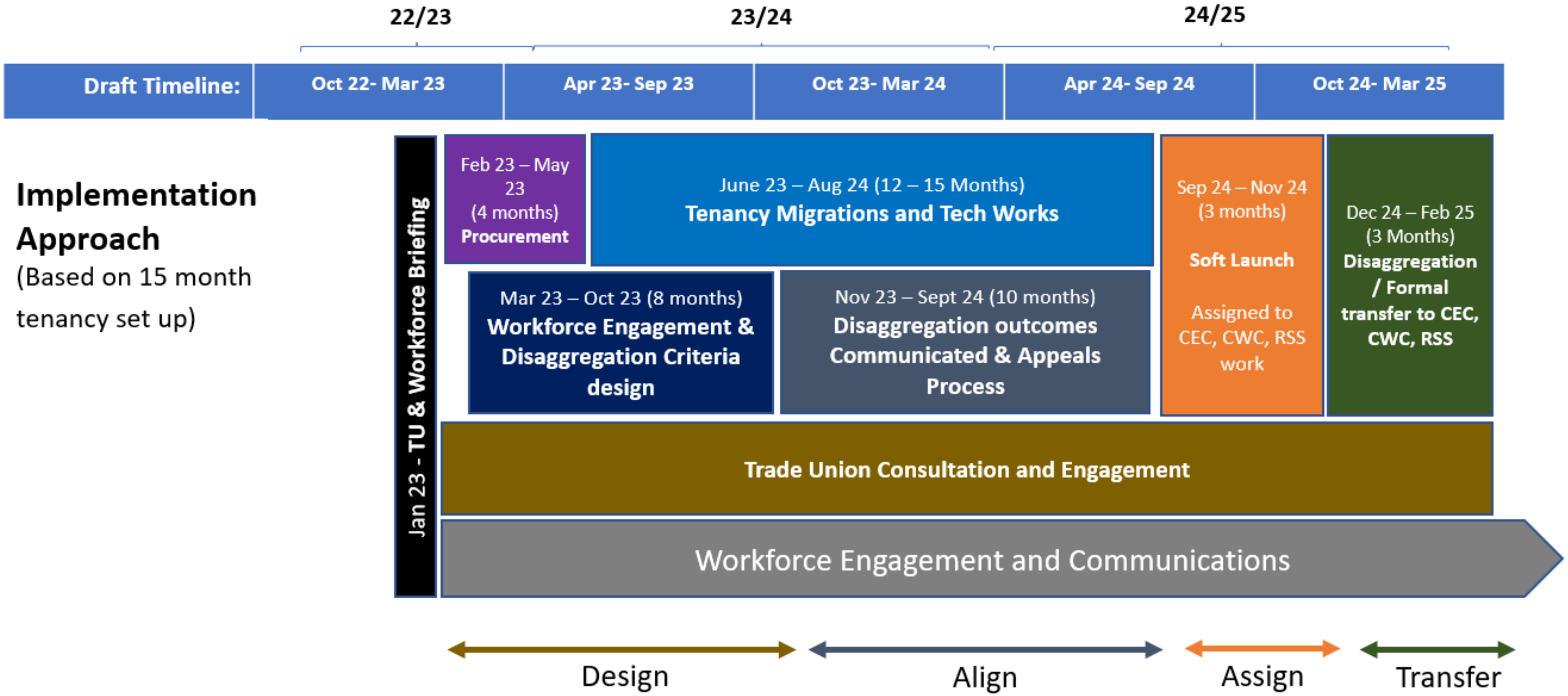
Appendix 1: Workforce Approach



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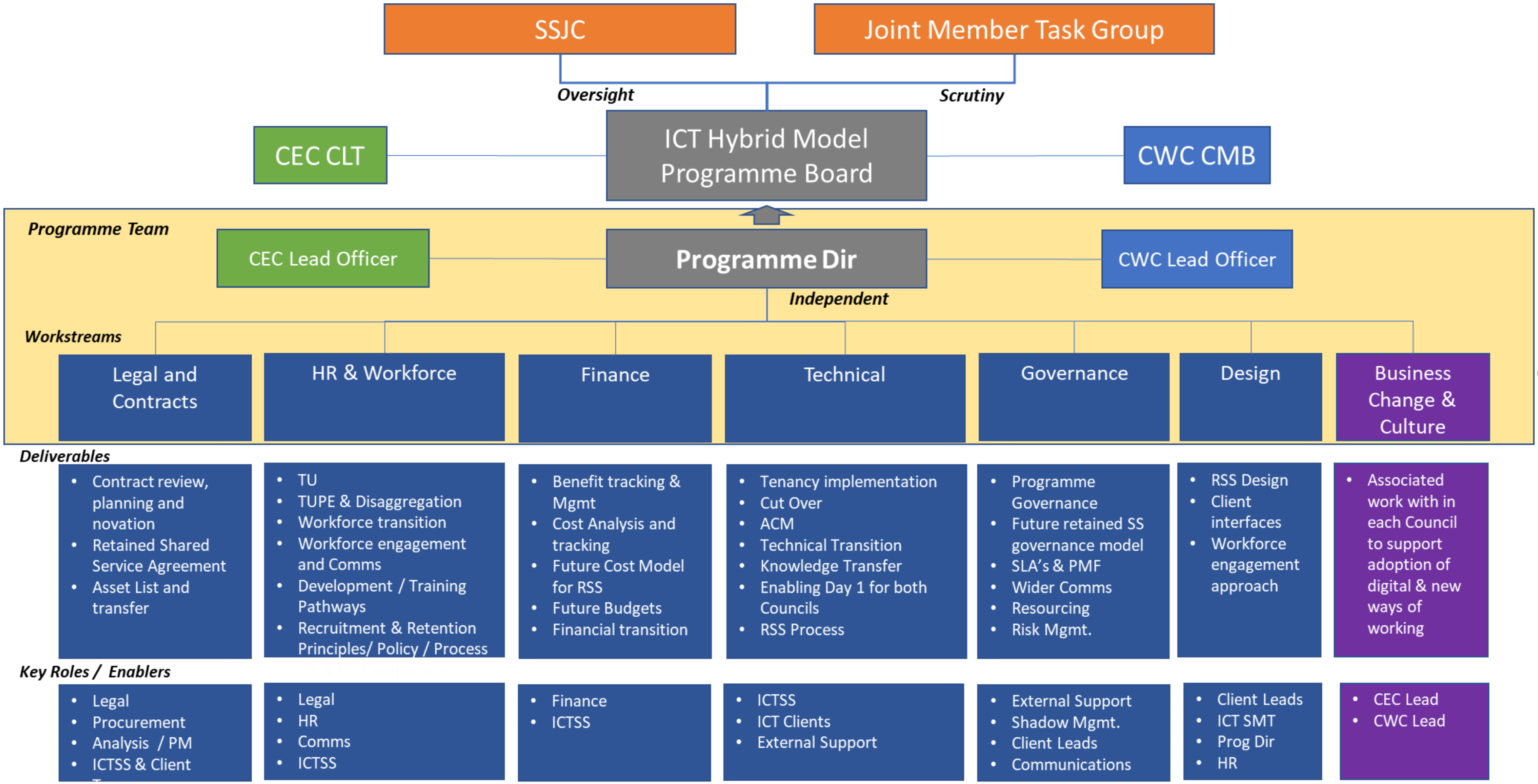
Appendix 2: Governance structure:

Governance - Hybrid ICT Programme



Appendix 3: Programme Approach Gannt Chart:

				23/24				24/25				25/26			
Key stage	Activity	Timescale	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mobilisation	· Establish governance and programme controls	Feb 23 to May 23 (4 Months)													
	· Procure technical partner and transformation capacity														
	· Source internal enabling resource														
Technology change	· Establish new council O365 tenancies	Jun 23 to Aug 24 (12 to 15 months)													
	· Begin preparations for system consolidation and decommissioning														
Workforce change	· Engagement with workforce & trade unions on approach and disaggregation criteria	Feb 23 to Sept 24 (21 months)													
	· Disaggregation process														
	· Reconfiguration of retained shared service														
Formalisation	· Soft Launch of the Hybrid Model	Sept 24 to Mar 25 (6 months)													
	· Formal disaggregation of staff														
	· Drafting of shared service agreements to reflect new arrangements														
	· Agreement of revised shared service agreements														
Benefits realisation managed by individual councils	· Workforce reconfiguration	Jan 25 to Jun 25 (6 months)													
	· Implementation of new ways of working														
	· Additional rationalisation of systems and decommissioning with in existing plans	Jan 25 to Mar 26													
	· Optimised retained shared service														

		23/24	24/25	25/26
Programme Costs Profile £000		2,475	2,635	Utilising new teams and existing budget provision

Cheshire East Council Appendix 4
Cheshire West and Chester Council

Shared Services Joint Committee

Date of Meeting: 26th January 2023

Report Title: The Future Model for ICT: Shared Service Review

Senior Officer: Jane Burns, Executive Director, Corporate Services, Cheshire East Council
Laurence Ainsworth, Director of Public Service Reform, Cheshire West and Chester Council

1. Report Summary

1.1. This report provides the final conclusions of the ICT Shared Service Review. It supports a move from the current shared service to a hybrid model and to progress consultation with the trade unions on this. This would involve retaining a shared data centre and network but would involve separation and reconfiguration of other functions that are currently shared including helpdesk, device support, application support, schools, architecture and projects.

1.2. Further details on the rationale, financial case, the transition plan, and mitigations to any key risks are within the body of the report.

1.3. The views of the Shared Services Joint Committee will be reported to both Cheshire East and Cheshire West and Chester Councils for a final decision.

2. Recommendations

That the Shared Services Joint Committee:

1. Recommends to the Corporate Policy Committee of Cheshire East Council and the Cabinet of Cheshire West and Chester Cabinet:
   I. to approve the move to a hybrid model for ICT and to progress consultation with the trade unions based on all necessary considerations included in this report.
   II. to progress full consultation and engagement with staff and trade unions, informing a more detailed design of a new hybrid model and the approach to the reconfiguration of the service.
   III. to agree that a revised agreement setting out the future arrangements for ICT across both Councils will be prepared and entered into following the above stages and the implementation of a new tenancy model.
   IV. to commit the necessary resources to implement a new tenancy model and the mobilisation of the programme.

2. Approves the principle of shared employment related liability and costs between Cheshire East and Cheshire West and Chester Councils relating to the transitional period and any disaggregation process leading to the move to a hybrid model for ICT and delegates to the respective Heads of Legal Services to agree the terms of any amends to the Staff Transfer Agreement, ICT Services Agreement or related documents.

3. Notes that an update report will be provided to the June meeting of this committee.

3. Reasons for Recommendations

3.1. The Shared Service Joint Committee terms of reference in schedule 2 of the Administrative Agreement sets out that the Joint Committee is responsible for overseeing changes related to the shared services and for ensuring that there are robust plans for any disaggregation of services and that there is a smooth transition into the separate arrangements.

3.2. A review of the arrangements for ICT between the two councils has been completed and now requires consideration by the Joint Committee in line with their terms of reference. Schedule 8 of the ICT Services Agreement states that any decision which is likely to involve significant costs in excess of £1million or involve significant impact upon Service Users in either Council area is a reserved matter for each Council in line with their individual governance arrangements.

3.3. The scheme of delegation for the ICT Shared Service requires any changes in the nature and extent of the liability of any Party under the Shared Services Agreements to be approved by the Shared Services Joint Committee if the change entails significant cost or risk.

4. Background

4.1. The ICT Shared Service was formed in 2009 to provide resilience following local government reorganisation. It also initially enabled councils to share overheads and reduce costs. However, the long-term future of the shared service and its ability to meet the needs of the two councils within available resources has been subject to review for a period of a time. In 2017 an independent review was commissioned by both councils and reported to the Shared Services Joint Committee. The review concluded a hybrid model was required with an element of shared activity but also a separation of some shared functions over time. It was proposed that this takes place following an investment in shared infrastructure and the upgrade to new Microsoft platforms. This programme, known as Evolution, was delivered through to 2020 and proved vital to adapting to new working arrangement during the COVID-19 pandemic.

4.2. Following the delivery of Evolution, there was an opportunity to revisit moving to a new model. This formed part of a wider strategic review commissioned by both councils in 2021 to review all shared services. It was agreed that an external perspective and expertise would be valuable, and a specification was drawn up, a procurement exercise undertaken, and C.Co., the consultancy arm of CIPFA, were appointed to conduct the reviews. On 24 September 2021 it was reported to Members that a hybrid model was recommended by C.Co. This involves sharing infrastructure such as the data centre and network but separating remaining ICT functions between the councils. The review concluded this would support an effective and efficient service which responds to the latest trends in ICT.

4.3. This represents a major change to current ways of working to a vital service. Both councils therefore agreed that further due diligence was required to secure further assurance on the financial, technical, and practical implications of this proposal. This review has been fully considered by both councils and the proposals are now in a position for consideration by the Committee.

5. Rationale for a new model

5.1. It is important to note external factors which have prompted the need to revisit the current ICT model. Firstly, over the last decade, ICT has changed from a 'back-office' service to a 'strategic enabler' of transformation. This means an in depth understanding of the organisation, individual business processes and services which technology support is needed to drive new ways of working. Secondly, many systems are now hosted by software vendors including upgrades, incident response, training and helpdesk. The vendors then seek economies of scale by providing these services to many customers. Previously organisations delivered these functions in house and could collaborate with other organisations to deliver economies of scale.

5.2. In this context, a key role for an ICT service is to enable transformation but also work closely with the business to ensure demand for technology is managed and a coherent approach to technology design and investment is secured. This is more challenging across two Councils with different objectives, demands, designs and priorities. ICT requirements must be fully aligned to the needs and priorities of an organisation, and it is now harder to standardise all aspects of ICT and share across organisations than in the past. This is reflected with fewer new shared services across local government and some separations over time.

5.3. On 24th September 2021 the Shared Service Joint Committee considered the findings of the initial review conducted by C.CO and supported a more detailed period of due diligence related to ICT. A range of alternative models including enhancing the shared service, moving to a managed service, outsourcing ICT, a full separation and hybrid model were considered. The hybrid model was recommended on the basis of delivering benefits, representing value for money, alignment with the council's priorities and deliverability.

5.4 The review was conducted collaboratively. It was noted that despite best efforts and strong relationships, trends in ICT would suggest that the current shared service model needs to evolve towards a hybrid approach. If the current model was to continue alongside these trends, there is a risk the service would become less effective and more complex. Both councils rightly have their own business priorities, plans and service designs. Without real convergence shared ICT will not be optimised. For this reason, the council share very few systems and rarely collaborate on business focused projects. There are limited economies of scale except for the data centre and network infrastructure which is more capable of standardisation and sharing across organisations.

5.5 This situation has increasingly made the shared service arrangement difficult to manage with overlapping accountabilities, complex governance, and budget instability. Due to duplication and the challenges of aligning with each council, the overall costs of ICT across the shared service and the two councils are above average compared to the costs of ICT across local government.

5.6 It was noted that with a hybrid model there was greater chance of the two councils fully aligning their ICT functions with their respective organisations, while still securing economies of scale for shared infrastructure. This in turn this could increase the chance of the ICT offer to be fully responsive and more efficient.

Key aspects of a hybrid model

5.7 The key elements of the recommended model are as follows:

- Teams relating to the data centre and networks will remain shared and will be redesigned over time to be even more efficient and effective. A revised shared services agreement will need to outline the operational management, governance and oversight arrangement for the redesigned service overtime. This will factor in the councils future plans for on-premise infrastructure with strategic governance remaining through the Shared Service Joint Committee.
- Leadership, strategy, projects, end user computing, cloud infrastructure, applications management, schools and digital functions would be separated.
- Following this disaggregation, any duplication with ICT teams within each council would be addressed through a redesign.
- Both councils currently share a tenancy or shared technology platform which hosts Microsoft Office 365. This shared approach does not secure economies of scale as each council has a different approach to the use of these products in line with their priorities and service designs. It is recommended that each council should have a separate tenancy and one shared tenancy, to support legacy data/systems until such time as they are migrated or new applications are implemented, to allow greater flexibility in line with best practice. It is expected these changes to the tenancy would have happened anyway in line with security best practice but to exploit the benefits it should be done alongside a change to the delivery model.
- Each council would then deliver an accelerated programme of rationalising the number of systems it is responsible for and also transition to cloud-hosted solutions where appropriate.
- In addition, following the move to a new model, the councils could do more to encourage more self service and also move to a new model of ICT support known as ITIL4. ITIL is a best practice framework for ICT Service Management. Where ITIL4 differs from earlier versions is that it is focussed on value and value chains. It is still about doing the right things but it's about doing the things that deliver value to the organisation. It encourages IT organisations to eliminate the activities that

deliver little or no value. It is based on Optimisation and Automation, a move to self-service.

- The tasks above would potentially be more achievable through a hybrid model and enable each council to manage the ongoing costs of technology in line with best practice elsewhere. However, these changes would not be automatic. Moving to a new model would be necessary but not sufficient. A new way of working would be required in each council to manage ICT demand in line with needs of services but also the wider organisation.
- The benefits for users will include fewer hand offs, clearer accountability, clearer roles and responsibilities to progress ICT related issues and the ability to position skilled ICT staff closer the services they support.
- To release the benefits, each council would need to drive a new way of working where council services buy in to rationalising the number of systems required, greater use of self-serve, and to work with solutions that bring wider benefits to the organisation as a whole and its customers. In addition, each council would need to budget for a programme of decommissioning as part of their ongoing technology investment priorities following the transition to a new model.
- The new model will allow for each council to work with schools within their borough and adopt strategies and approaches to support them in line with each council's objectives.

6. Financial Case

6.1. It is recognised that significant expenditure is incurred to support ICT day-to-day service delivery and projects. It is vital that a compelling and deliverable financial case is made to ensure any change represents value for money.

Baseline

6.2. The budget for ICT shared service is currently £17m (gross) which is primarily funded by a combination of Business as Usual (BAU) charge to the two councils (Revenue) and Project incomes (Capital) as well as some other elements e.g., schools, project income of £6.3m and schools' income of £1m is assumed in this budget.

6.3. Due to reducing project income to meet current costs, reduced schools' income, and inflationary pressures, the service reported a overspend of £1.8m in 2021/22 following mitigations. An overspend of £2.3m is currently expected in 2022/23 following mitigations.

6.4. The total costs of ICT across the two councils were above the average benchmark although it is recognised that shared service arrangements like Cheshire were not available.

One off investment

6.5. To transition to a new model, one-off investment of £5.1m (£2.55m per Council) would be required. This would provide:

- Technical resources and external specialist technical support to create and migrate the councils to new tenancies.
- Transformation support, backfill for corporate enablers and shadow management to ensure the delivery of the programme and transition of the workforce.
- A level of contingency to ensure that the programme can respond to potential risks.

6.6. The one-off costs will be shared 50:50 across the two councils. The investment costs above have been fully considered by both councils and prudently assessed. Soft market testing with Microsoft gold partners and reference calls with other local authorities has taken place to secure realistic supplier costs for the technical aspects of the change which makes up a significant proportion of the costs. Any existing capital budgets that would already be incurred have been excluded from the table above to provide clarity on the total additional one-off cost required.

6.7. Following consultation and implementation of the new model, the transfer of staff and the transition to the new model, each council would then become liable for any future risks, redundancies, migration to cloud-based solutions and decommissioning costs which are not included in this business case and would need to be factored into each council's budget planning which is currently the case.

Financial benefits

6.8. The proposal projects financial savings of £2.67m per annum from year 3. Most of the savings would be achieved through workforce changes, particularly reduction in the use of contractors and vacancies. Contract costs are also expected to reduce by £0.5m. The scale of the benefit varies for each council as they start from different points in terms of technology investment. Potential organisational structures have been modelled in each council to provide assurance that a viable and affordable service is possible in line with the projected benefits. It should be noted that this financial benefit avoids the project future overspend. It must be noted that each council will make different choices on their organisational structures and ICT configuration so may secure more savings than these projected benefits. These benefits also combine capital and revenue.

Payback

6.9. The table below outlines the projected payback period based on assumptions shared by both councils on the approach towards transition and including the allocation of contingency.

6.10. Broadly the investment is recovered by the 4th year of the programme.

	2023-24	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000	£000
CW&C	£1,237	£1,318	(£1,200)	(£1,200)	(£1,200)
CEC	£1,238	£1,317	(£1,472)	(£1,472)	(£1,472)
Total	£2,475	£2,635	(£2,672)	(£2,672)	(£2,672)

6.11. As shown in the table above the benefits to each council differ, this is linked to the differing levels of investment and income into the shared service from elements such as projects and schools.

Non-Financial Benefits

6.12. The new model for ICT would achieve a number of non-financial benefits, many of which will directly benefit services, users and ultimately the communities the Councils support. these are summarised as:

- **Productivity:** The new model will allow councils to have a greater ICT presence working directly with services to focus on how technology and systems add value to their business process, supporting training and adoption, enable increased productivity and supporting each Council to meet the needs and demands from residents and communities.
- **Flexibility, agility and sovereignty:** Councils will have separate tenancies and greater flexibility to put in place the capabilities that will benefit their individual service needs and have the ability to flex the ICT model to their council’s and communities needs.
- **Managing demand:** Putting in place key capabilities and supporting the move to user self-service through each Councils own networks (Bright Sparks and Tech Champs) to help manage the demands on ICT which will allow ICT to truly become a strategic enabler of transformation for each council.
- **Users benefits:** Users of ICT will experience fewer hand offs, clearer accountability, clearer understanding of who is responsible for what aspects of ICT to ultimately receive a quicker resolution of issues & requests.
- **Simplification:** Through closer working of technical and service resources the Councils will be in a better position to accelerate plans to rationalise the number of applications and to decommission redundant legacy applications.
- **ICT Employee benefits:** We will build on the flexibility and remote working already adopted to ensure wellbeing is at the centre of staff development. It will provide stability for the service(s), removing previous complexity and uncertainty in both role and structure. Both Councils investment in modern technology and equipment is also an important attraction for ICT employees. Advanced technology attracts ICT talent as they get an opportunity to fulfil their digital ambition and get hands-on experience with the latest technology capabilities, and further contribute to the Councils’ digital transformation.

7. Approach to implementation

7.1. It is proposed that, the change would take place over three years, with the organisational separation and tenancy split happening within 18 months. There has been detailed consideration of the transition plan, impact on staff, resourcing, and risk management. Following the decision, a detailed implementation plan will be drafted.

7.2. A more detailed Gantt chart is outlined in appendix 3 outlining the key stages, activities above and estimated cost profile.

7.3. Key aspects of the transition would be as follows:

Key stage	Activity	Timescale
Consultation and engagement with Unions and staff	• Initial briefing and commencing consultation and engagement with unions and staff.	Jan/Feb 23 and ongoing
Mobilisation	• Establish governance and programme controls • Procure technical partner and transformation capacity • Source internal enabling resource	Feb 23 to May 23 (4 months)
Technology change	• Establish new council O365 tenancies • Begin preparations for system consolidation and decommissioning	June 23 to Aug 24 (15 months)
Workforce change	• Consultation and engagement with trade unions & workforce on approach and disaggregation criteria. • Disaggregation process • Reconfiguration of retained shared service	Feb 23 to Sept 24 (19 months)
Formalisation	• Drafting & approval of shared service agreements to reflect new arrangement • Proposed Soft Launch of the new service model • Formal disaggregation of staff	Sept 24 to Mar 25 (6 Months)
Benefits realisation managed by individual councils	• Workforce reconfiguration • Implementation of new ways of working (ITIL 4)	Jan 25 to Jun 25 (6 months)
Additional future benefits linked to	• Additional rationalisation of systems and decommissioning	Jun 25 to Mar 26

further rationalisation	• Further optimisation of retained shared service	

7.4. The transition will have its challenges and will need to be carefully managed. Both councils will need to commit leadership and management capacity to ensure the programme is well managed.

8. Workforce impact

8.1. Both councils fully recognise the vital contribution of all staff involved in supporting services with their technology requirements and this is a significant change for how the workforce will operate. It is essential that a considered approach is taken to supporting all staff through this transition while remaining focused on delivering a new model for ICT. Key aspects of the approach include:

- Fully engaging with the workforce on the model and ensuring that appropriate mechanisms are in place to support the ongoing engagement of and communication with the workforce.
- Fully consulting with the representative trade unions to ensure that workforce views are considered throughout.
- Putting in place arrangements for a fair disaggregation of staff to provide assurance to staff about their future.
- Enhancing opportunities for growth and development within the workforce to ensure that there are the right skills available for both Councils.
- Exploring measures that enhance retention and recruitment during and after the transition.
- Minimise as far as possible any uncertainty which may be felt throughout the transition and provide clarity and assurance to the workforce.
- Reducing the use of agency staff in non-specialist areas.
- Where possible, avoiding redundancies.

8.2. It is proposed that an approach applying the principles of TUPE to transition of the workforce would be used. The intention of this would be to protect workers and to ensure that each Council has the skills and knowledge that are required in order to the deliver the service.

8.3. Following the political decision to support the move to a hybrid model, consultation will take place with trade unions and the workforce. Through the proposed governance members will be informed of any significant impact on the model or business case that arises. If further decisions are required following consultation processes they will be made through appropriate governance mechanisms.

8.4. To ensure that any risks to either council during this change are fair and shared equally, amendments to the Shared Services Agreements will be required to ensure the principle of shared liability and costs between Cheshire East and Cheshire West and Chester Councils relating to workforce disaggregation during the transition period is applied.

9. Governance

9.1. It is the responsibility of each individual council to seek approval from their elected Members to proceed with a new model and identify the one-off resources required to fund the transition.

9.2. If the proposals are approved, programme management governance arrangements will be mobilised. Clear workstreams have been identified with clear accountabilities to manage the transition.

9.3. At elected Member level it is proposed that the Shared Services Joint Committee oversee progress with the transition alongside their current responsibilities through regular reports and agenda items. They will also play a key role, going forward, to oversee the retained shared service.

9.4. In addition, it is recommended that strong Member oversight is provided through a joint Cheshire East/Cheshire West and Chester Council scrutiny task and finish group to update on progress throughout the programme.

9.5. A full governance structure is included in Appendix 2.

10. Learning Lessons

10.1. This is a complex, business change programme, affecting both councils which will require significant investment to release savings over a 3 to 4 year period.

10.2. Parallels will be drawn with the implementation of UNIT 4. While there are some similarities, it should be noted that this project is largely different to Best for Business. It does not require significant levels of training, immediate changes to business processes or detailed technical design at granular level. The change is more about a less complex technical change to the tenancy and an organisational design change. Nevertheless, it is important to incorporate any lessons learned into the design of this potential programme. The table below sets out the key messages from the recent lessons learned review reported to the Shared Services Joint Committee and how they have been reflected in this proposal.

Lesson learned	Response
Appropriate expertise and capacity from the outset	• Expert advice has been utilised from the outset • Transformation and technical support will be sourced, supplemented by internal resources with funding to manage any backfill implications, and appropriate third-party skills and experience.
Involvement of key stakeholder groups and business change embedded throughout the programme	• Extent of business change will initially be kept to a minimum • Engagement with staff and trade unions

	• Engagement with Members throughout the process • Engagement with tech champions / bright sparks on any changes
Clear governance and accountability	• Governance arrangements set out in section 9 and appendix 2 • Clearly defined workstreams and accountabilities
Optimum procurement and contact management arrangements	• Market testing for tenancy changes to provide assurance • Contract model will be provide flexibility to manage the programme
Robust business case with prudent assumptions	• Costs and benefits have been modelled through due diligence • Contingency has been included in the costs

11. Risks

11.1. Like any major project, the transition will not be without challenges, but key risks have been identified and mitigations are planned. It is also worth noting the risk of doing nothing could mean more complexity, additional ongoing costs, and a less responsive model. The following table summarises these risks and mitigations. A fully scored risk register will be established and reported on as part of the programme and member governance.

Key Risk	Mitigations
The transition will be disruptive to the day-to-day business of each council who are increasingly dependent on stable ICT for operational delivery.	• Services should not be visibly impacted by the technical change • New devices will need to be deployed but this was already planned in line with each council's upgrade policy and is a well-managed process • ICT support will continue to be made available to both councils during the transition and a transition to new arrangements to access support will be well communicated
Staff may feel unsettled through the transition leading to challenges of retention & recruitment & impact on service delivery	• Continuous engagement with staff will remain through-out • Early and continued engagement and full and meaningful consultation with trade unions • The transition will create new opportunities for staff and both councils will commit to support and development. • An assessment of key skills has been initiated and arrangement to fill key roles if critical vacancies arise have been discussed.

	• Both councils are committed to do everything they can to avoid redundancy.
The transition impacts on strategic transformation programmes such as health and care integration.	• Additional resources are factored into the cost for the programme on top of existing resources aligned to strategic programmes. • Programme resources through interdependency management and careful planning will work to minimise any impacts and seek out opportunities to accelerate.
The programme will require commitment and resources at a time when both councils have financial challenges and existing priorities and work programmes that need to be delivered	• Oversight of existing arrangements already consumes significant capacity at all levels. • Backfill funding for people in existing roles who need to be fully engaged with the project is in place.
The budget for the transition is not sufficient due to external factors such as hyper inflation, market failure, policy shift leading to a request for further resource, within tight financial circumstances.	• Technical costs have been validated with suppliers and other local authorities and recognise similar exercises carried out elsewhere in local government. • Contingency has been built into the financial case. • Strong financial reporting and risk management will be in place during the transition.
The financial benefits are not accurate and are therefore not realised.	• Initial projected savings have been reduced to be prudent. • There is clarity on where savings will need to be realised.
The transition creates key skill gaps as specialist roles cannot be separated.	• An assessment of these limited cases will be completed with specialist recruitment in place for key vacancies.
Councils do not deliver the consolidation in complex demand leading to under delivering against projected financial benefits.	• There is a much stronger chance of delivering these through more effective demand management approaches that are possible through a hybrid model and greater alignment to each council. • Financial benefits will continue to be monitored throughout the implementation of the programme and beyond.

12. Implications of the Recommendations

12.1. Legal Implications

The Shared Services Administrative Agreement, ICT Shared Service Agreement and Staff Transfer Agreement set out the overall arrangements in relation to the way the councils will work together and the approach to transition away from the current model. The planned transition is in line with the principles in this agreement.

12.2 The councils have agreed an approach to share any liabilities relating solely to the disaggregation of the workforce and transition period that are not covered under the existing agreements and these changes will be formally agreed by way of a Deed of Variation to the Shared Service Agreements.

12.3 A revised Shared Service Agreement will be developed to underpin the new retained shared service arrangement, together with associated Service Definitions, Service Specifications, Service Level Agreements, Charges and Payment Mechanisms, all of which will be subject to agreement and review by the Shared Services Joint Committee.

Please see confidential appendix 4 which contains legally privileged advice.

12.2. Financial Implications
The financial implications of each review are outlined in section 6.

12.3. *Policy Implications*
The new hybrid model will be aligned to each councils' policies. Common ICT policies will be agreed for the retained shared service.

12.4. *Equality Implications*
There are no direct Equality implications at this stage.

12.5. Human Resources Implications
Implications for Human Resources are outlined in section 8.0, Staff and Trade Unions have been briefed on the review and the recommendation and will be fully consulted with although it has been emphasised this is subject to a decision by each individual council.

12.6. Risk Management Implications
Any risks associated with the findings and implementation of recommendations are outlined in section 11. Key risks will also be included in each organisation's risk register as appropriate.

12.7. Rural Communities Implications
There are no direct implications for Rural Communities.

12.8. Implications for Children & Young People/Cared for Children
There are no direct implications for Children and Young People/Cared for Children.

12.9. Public Health Implications
There are no direct implications for Public Health.

12.10. Climate Change Implications
There are no direct Climate Change implications.

12.11. Ward Members Affected

This report relates to Shared Services that operate across both CE and CWC, therefore all wards are affected in both Councils.

13. Access to Information

Documents are available for inspection at:

Cheshire East Democratic Services
Westfields, Middlewich Road
Sandbach
CW11 1HZ

or:

Cheshire West & Chester Democratic Services
HQ Building, Nicholas Street,
Chester,
CH1 2NP

14. Contact Information

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

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Job Title: Head of Transformation and Technology
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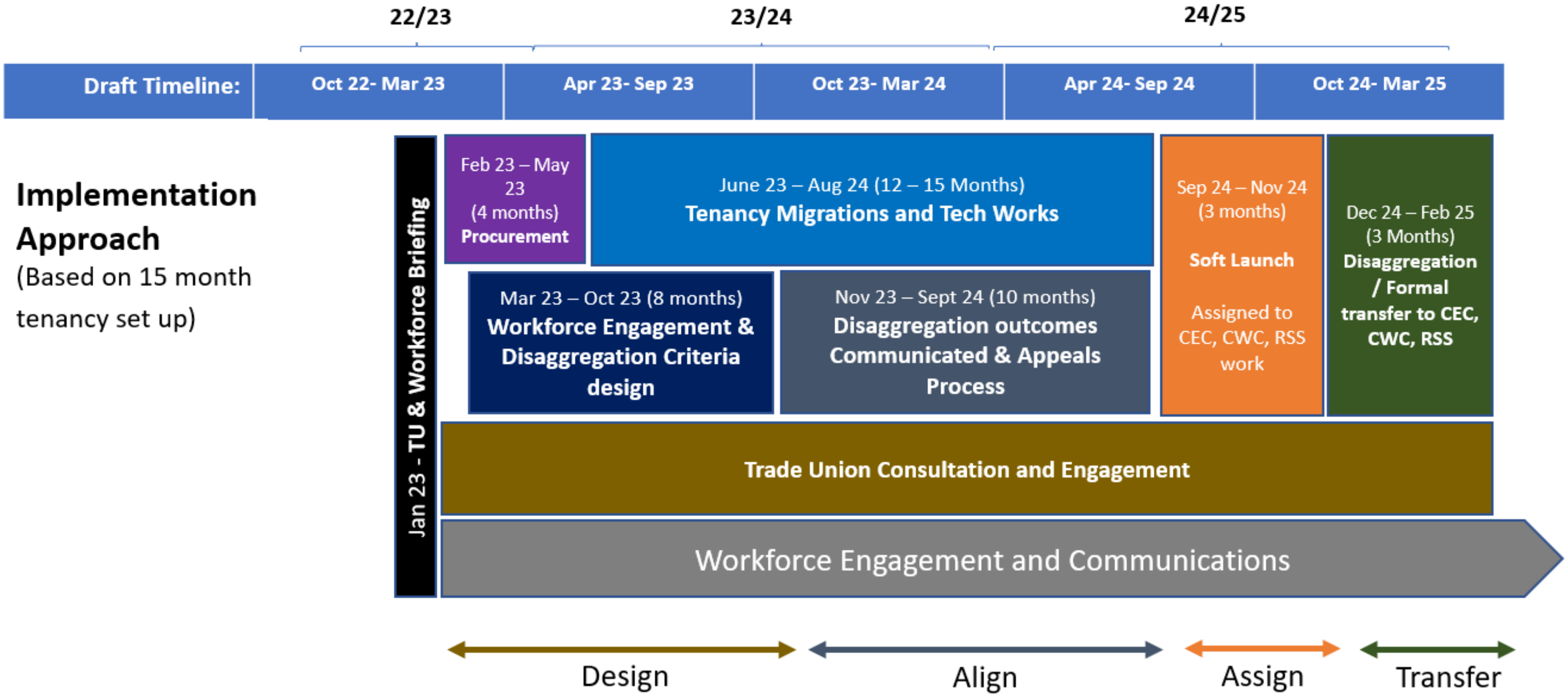
Appendix 1: Workforce Approach



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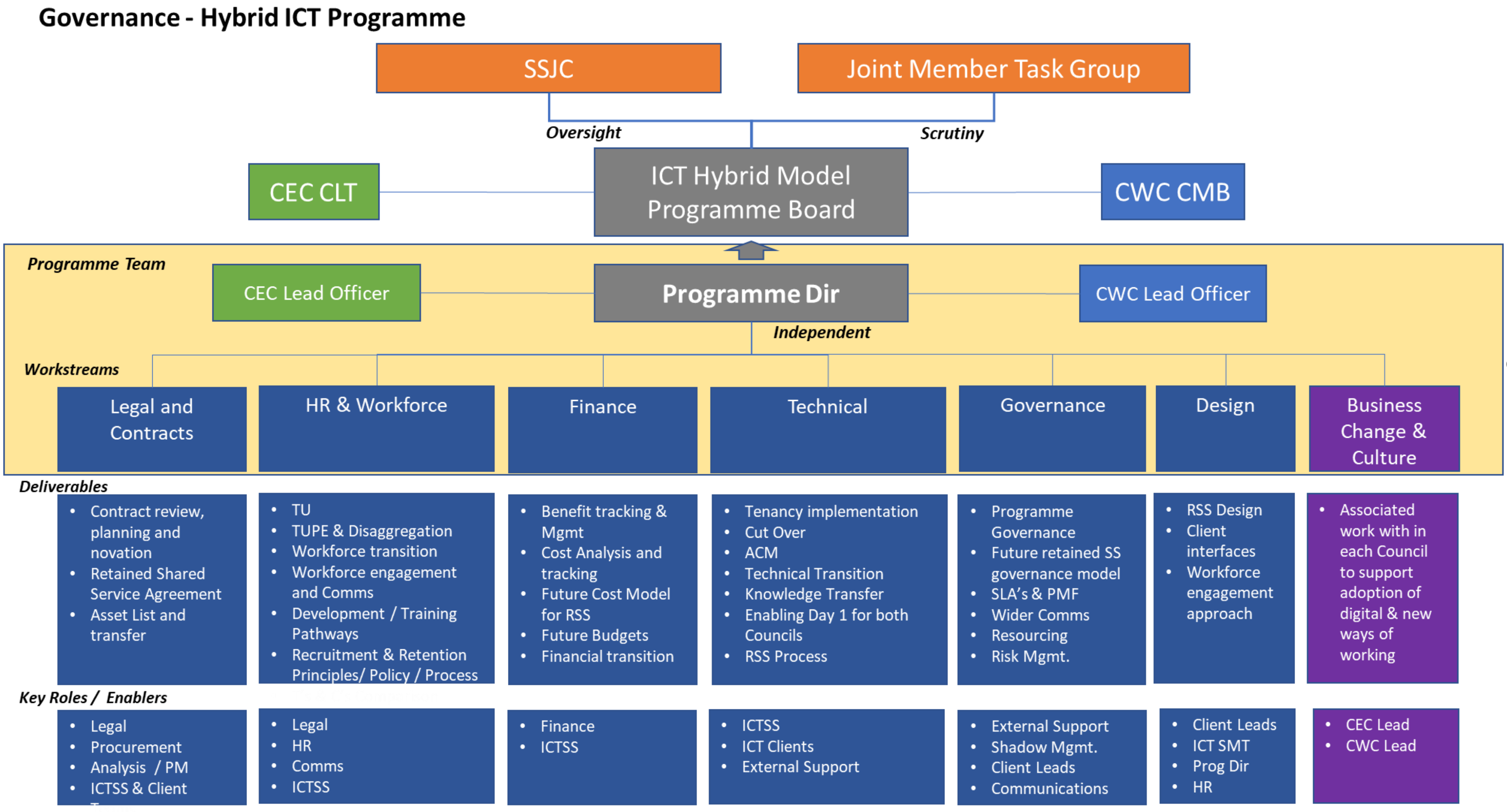
Appendix 2: Governance structure:



Appendix 3: Programme Approach Gannt Chart:

Key stage	Activity	Timescale		23/24				24/25				25/26			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mobilisation	· Establish governance and programme controls	Feb 23 to May 23 (4 Months)													
	· Procure technical partner and transformation capacity														
	· Source internal enabling resource														
Technology change	· Establish new council O365 tenancies	Jun 23 to Aug 24 (12 to 15 months)													
	· Begin preparations for system consolidation and decommissioning														
Workforce change	· Engagement with workforce & trade unions on approach and disaggregation criteria	Feb 23 to Sept 24 (21 months)													
	· Disaggregation process														
	· Reconfiguration of retained shared service														
Formalisation	· Soft Launch of the Hybrid Model	Sept 24 to Mar 25 (6 months)													
	· Formal disaggregation of staff														
	· Drafting of shared service agreements to reflect new arrangements														
	· Agreement of revised shared service agreements														
Benefits realisation managed by individual councils	· Workforce reconfiguration	Jan 25 to Jun 25 (6 months)													
	· Implementation of new ways of working														
	· Additional rationalisation of systems and decommissioning with in existing plans	Jan 25 to Mar 26													
	· Optimised retained shared service														

		23/24	24/25	25/26
Programme Costs Profile £000		2,475	2,635	Utilising new teams and existing budget provision

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