

Economy and Growth Committee

Agenda

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| Date: | Friday 26th January 2024 |
| Time: | 10.00 am |
| Venue: | The Capesthorpe Room - Town Hall, Macclesfield SK10 1EA |

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 are audio recorded and the recordings will be uploaded to the Council's website

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

1. **Apologies for Absence**

To note any apologies for absence from Members.

2. **Declarations of Interest**

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

3. **Minutes of Previous Meeting** (Pages 5 - 10)

To approve as a correct record the minutes of the meeting held on 14 November 2023.

For requests for further information

Contact: Rachel Graves

Tel: 01270 868473

E-Mail: rachel.graves@cheshireeast.gov.uk

4. **Public Speaking/Open Session**

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

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

5. **Response to a Petition - Poynton Pool** (Pages 11 - 20)

To consider a report in response to a Petition in relation to Poynton Pool.

6. **Third Financial Review 2023/24 (Economy and Growth Committee)**
(Pages 21 - 56)

To consider a report on the third review of the Cheshire East Council forecast outturn for the financial year 2023/24

7. **Work Programme** (Pages 57 - 58)

To consider the Work Programme and determine any required amendments.

8. **Medium Term Financial Strategy Consultation 2024/25 - 2027/28 Provisional Settlement Update** (Pages 59 - 74)

To consider the proposals within the budget consultation relating to the Committee's responsibilities.

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

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters 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 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 Paragraph 3 and 7A of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

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

10. **Medium Term Financial Strategy Consultation 2024/25 - 2027/28 Provisional Settlement Update**

To consider the proposals within the budget consultation relating to the Committee's responsibilities.

11. **Handforth Garden Village Business Case** (Pages 75 - 98)

To consider the report.

Membership: Councillors D Brown, J Clowes, B Drake, M Goldsmith (Chair), M Gorman, A Heler, N Mannion (Vice-Chair), G Marshall, C Naismith, C O'Leary, P Redstone and F Wilson

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Economy and Growth Committee**
held on Tuesday, 14th November, 2023 in the Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M Goldsmith (Chair)
Councillor N Mannion (Vice-Chair)

Councillors D Brown, D Clark, J Clowes, B Drake, M Gorman, A Heler,
C Naismith, C O'Leary, P Redstone and F Wilson

OFFICERS IN ATTENDANCE

Peter Skates, Acting Executive Director of Place
Charles Jarvis, Head of Economic Development
Karen Carsberg, Head of Housing
Andy Kehoe, Head of Estates
Jo Wise, Development and Regeneration Delivery Manager
Jez Goodman, Development and Regeneration Delivery Manager
Steve Reading, Finance Officer
Wendy Broadhurst, Lead Finance Partner (Place)
Mandy Withington, Team Manager Legal Services
Rachel Graves, Democratic Services Officer

29 APOLOGIES FOR ABSENCE

Apologies were received from Councillor G Marshall.

30 DECLARATIONS OF INTEREST

In relation to Item 9 Notice of Motion: Commission an Independent Hydrogeology Report for the South Macclesfield Development Area, the following declarations of interest were made:

Councillor P Redstone declared that he had previously been a member of the Strategic Planning Board.

Councillor C O'Leary declared that he was the proposer of the Notice of Motion and that he was also involved with the Save Dane Moss campaign group.

Councillor J Clowes declared that she was the seconder of the Notice of Motion.

31 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 12 September 2023 be approved as a correct record.

32 PUBLIC SPEAKING/OPEN SESSION

Mr Simon Yates spoke in relation to the items on the Crewe Business Improvement District and the Royal Arcade Phase 2.

33 THE GREAT BRITISH INSULATION SCHEME AND ECO FLEXIBILITY

The Committee considered the report which outlined proposed changes to the Council's Statement of Intent for ECO4 Flexible Eligibility to support low-income and vulnerable households to maintain their health and wellbeing in a warm home, in response to the Government's introduction of the Great British Insulation Scheme.

RESOLVED (unanimously): That the Committee

- 1 approve the publication of the Flexible Eligibility Statement of Intent for ECO4 and the Great British Insulation Scheme, as outlined in Appendix A to the report.
- 2 delegate authority to the Director of Growth and Enterprise, in consultation with the Chair of the Economy and Growth Committee, to make minor amendments to the policy to ensure its smooth operation and in line with any future Government guidance changes.

34 SECOND FINANCIAL REVIEW 2023/24

The Committee received the report which provided an overview of the Cheshire East Council forecast outturn for the financial year 2023/24 and the financial performance of the services relevant to the committee remit.

RESOLVED: That the Committee

- 1 note the report of the Finance Sub Committee of 2 November 2023.
- 2 note the factors leading to a forecast Net Revenue financial underspend of (£1.9m) against a revised budget of £24.8m (7.6%).
- 3 note the forecast and any further mitigations to be identified.
- 4 note the in-year forecast Capital Spending of £55.0m against an approved MTFs budget of £71.6m, due to slippage that has been re-profiled into future years.

- 5 note the contents of Annex 1 and Appendix 4 and note that any financial mitigation decisions requiring approval will be made in line with relevant delegations.
- 6 note that Council will be asked to approve the fully funded supplementary revenue estimate over £1,000,000 in accordance with Financial Procedure Rules, as detailed in Annex 1, Appendix 4, Section 3 Corporate Grants Register, Table 2.

35 MEDIUM TERM FINANCIAL STRATEGY CONSULTATION 2024/25 - 2027/28

The Committee received the report which set out the indicative financial envelope for the Committee to support consultation on the development of the Cheshire East Medium-Term Financial Strategy 2024/25 to 2027/28.

It was reported that there was a typographical error in paragraph one of the report which stated the Committee were being asked to approve the indicative financial envelope. It was confirmed that this was for noting only and no decision was required at this stage.

RESOLVED: That the Committee

- 1 note the indicative budget envelope for the Committee, as approved at the Finance Sub Committee on 2 November 2023, as a way of setting financial targets in support of achieving a balanced budget for 2024/25.
- 2 note that officers will develop further proposals in consultation with Members to enable wider stakeholder consultation prior to approval by Council.
- 3 note that Committees will be presented with the opportunity to further review financial proposals, designed to achieve a balanced budget, as part of their January cycle of meetings prior to recommendations being made to Council for approval.

36 2023/2024 MID-YEAR PERFORMANCE REVIEW - GROWTH AND ENTERPRISE

The Committee considered the Mid-Year Performance Review report for the Economy and Enterprise Department for the first 6 months of 2023/24.

The report detailed the performance against the key priorities and key performance indicators of services in Housing, Estates, Rural & Cultural Economy, and Economic Development.

RESOLVED:

That the Committee note the performance of the department during the first 6 months of the year 2023/24.

37 NOTICE OF MOTION: COMMISSION AN INDEPENDENT HYDROGEOLOGY REPORT FOR THE SOUTH MACCLESFIELD DEVELOPMENT AREA

The Committee considered the report on the Notice of Motion: Commission an Independent Hydrogeology Report for the South Macclesfield Development Area, which had been referred by Council on 19 July 2023 to the Committee for consideration.

The proposer and seconder of the Notice of Motion - Cllr Chris O'Leary and Cllr Janet Clowes, spoke in support of the Motion.

RESOLVED: That the Committee

- 1 note the Notice of Motion.
- 2 note that the Council as a responsible developer will address the works that are required to provide robust information to enable the Strategic Planning Board to make informed decisions.

38 CREWE BUSINESS IMPROVEMENT DISTRICT

The Committee considered a report on the Crewe Business Improvement District ballot and the way the Council should vote in the ballot.

The Council was responsible for the payment of business rates for thirteen hereditaments within the proposed Business Improvement District (BID) and therefore would be entitled to vote thirteen times in the BID ballot and, if the ballot was successful, be liable to pay the levy for its hereditaments falling within the scope of the BID proposal. The estimated BID levy on the Council was £16,447 and would be payable over the five-year term of the BID.

RESOLVED (unanimously): That the Committee

- 1 approve that the Council shall vote 'Yes' in support of the Crewe BID proposal in the Crewe BID ballot, delegating authority to the Director of Growth and Enterprise to complete, sign and return ballot papers on behalf of the Council.
- 2 in the event the Council is requested to attend the Business Improvement District meetings in an advisory capacity, the Director of Growth and Enterprise accept and agree the most appropriate officer representation and empower that officer to provide such

advice to Business Improvement District meetings as they consider necessary.

- 3 in the event of a yes vote and the Business Improvement District proceeding, delegated authority be granted to the Executive Director Place, having regard to any advice given by the Monitoring Officer, in consultation with the Chair of the Economy and Growth Committee, determine whether to put forward a Cheshire East Council representative for appointment onto the Business Improvement District Board, and if so, select the appropriate appointee and empower the appointee to make any decisions required on behalf of the Council.

39 **WORK PROGRAMME**

The Committee considered the Work Programme for the remainder of the 2023/24 municipal year.

RESOLVED:

That the work programme be noted.

40 **ROYAL ARCADE PHASE 2, CREWE**

The Committee considered the report on the current position with the delivery of Phase 2 of the Royal Arcade development scheme in Crewe and the options for the next steps.

Phase 1 of the redevelopment, comprising a new bus station and multi storey car park, were well advance and expected to be completed in Spring 2024. Phase 2 of the Royal Arcade scheme, comprising the proposed commercial elements, had been expected to commence following the completion of Phase 1. At the time of the development agreement being entered into in October 2020, this had been viable. However since that point, viability had been seriously impacted by the Covid pandemic, post Covid-construction cost and supply issues and other economic influences.

Four options had been identified for Phase 2 – details and appraisal of these options were set out in paragraphs 8 and 10 of the report. It was recommended that Option 4 be taken forward whilst continuing to explore funding alternative opportunities as proposed in Option 1 and reviewing options for longer-term development of the site (Option 3).

RESOLVED (unanimously): That the Committee

- 1 note the assessment of the current viability challenges of Phase 2 of the Crewe town centre Royal Arcade redevelopment scheme ('Phase 2').

- 2 establish a 'member reference group' for the purpose of further consultation with elected members and delegate responsibility, where necessary, to the Executive Director Place and the Director of Governance and Compliance to:
 - a) advance plans for meanwhile uses (Option 4) and undertake further assessment of options for 'meanwhile' uses for the site, including commissioning feasibility studies, etc.
 - b) procure/appoint third parties and/or enter into lease agreement(s) with parties for an initial period of up to five years for the operation and occupation of the site, with a Council option to extend; and
 - c) utilise the remaining budget in the Council's Medium Term Financial Strategy already allocated to the Crewe Town Centre Regeneration Programme, and/or other Town Fund grant allocations, for the purposes of implementing the preferred option(s), including the procurement/purchase of any works, equipment, infrastructure and professional services.
 - d) continue to explore alternative funding opportunities for the scheme as proposed (Option 1) and review options for the longer-term development of the site (Option 3), including undertaking public consultation and viability assessment.

subject to the Budget Policy & Framework Procedure Rules and Finance Procedure Rules, set out in the Council's Constitution; and
- 3 Delegate responsibility to the Executive Director Place and the Director of Governance and Compliance to, where necessary and at the appropriate time, terminate the Council's development agreement with Peveril Securities Ltd and to take any decisions necessary related to this.

The meeting commenced at 2.00 pm and concluded at 4.03 pm

Councillor M Goldsmith (Chair)

OPEN

Economy and Growth Committee

26 January 2024

Petition: Poynton Pool

Report of: Peter Skates, Acting Director of Place

Report Reference No: EG/22/23-24

Ward(s) Affected: Poynton East and Pott Shrigley
Poynton West and Adlington

Purpose of Report

- 1 The purpose of this report is to receive a petition and to note that the matter is the subject of a current live planning application.

Executive Summary

- 2 The Council has received a petition regarding the proposed work to be undertaken at Poynton Pool.
- 3 The petition requests that "*Cheshire East Council reviews the Poynton Reservoir Flood Study (2019) and if that identifies that works should be carried out to the dam at Poynton Pool:*
 1. *the most environmentally friendly identified solutions are employed, with the objective of causing minimal disruption to the landscape, the ecology and the public enjoyment of the Park.*
 2. *any cost/benefit analysis of the project includes both a Capital Asset Value for Amenity Trees (CAVAT) to account for the loss of amenity, and the DEFRA biodiversity offsetting metric to calculate a biodiversity net gain resulting from the project.*
 3. *Any subsequent mitigation planting is within the town boundaries."*
- 4 In accordance with the Council's Constitution, petitions signed by over 5000 petitioners may be submitted to Full Council or a Committee for consultation.

- 5 The report outlines that the subject of the petition is currently under consideration as a live planning application in which the Council is a participant, and it is an application that will be referred to the Strategic Planning Committee for a decision. Matters raised in the petition will be the subject of scrutiny from that planning committee.
- 6 The Economy and Growth Committee has previously considered a report on Poynton Pool at its meeting on 6 June 2023.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. receive and note the petition.

Background

- 7 Poynton Pool is a large high-risk reservoir as defined by the Reservoirs Act 1975 (the Act). As a result, it is regulated and managed in accordance with the Act and the Council as the owner / operator has statutory responsibilities.
- 8 The Council must appoint qualified engineers from a DEFRA panel (all reservoirs panel) to supervise and inspect the reservoir. During its last inspection the Council was required to undertake a flood study and prepare a draw down plan. The flood study found that the reservoir did not meet modern standards.
- 9 Therefore, the Council is obligated to undertake works appropriate (either a full engineering solution or a risk-based solution) to address the issues, or permanently remove water, reducing its capacity to take it outside of the current legislation.
- 10 Should the Council not progress with the remedial work required, an inspection under s10 of the Act would be progressed, notice served, and the Council would be compelled to undertake the work.
- 11 Following initial concept development, a proposed solution went out for public consultation prior to the intention to submit a planning application. The Council received a very strong response from the public, which was not in favour of the proposal. The main concerns raised were whether the works are needed, the environmental and visual impact of loss of trees on the reservoir's dam and that other solutions should be considered.

- 12 In considering this feedback the Council was receptive to any alternative solutions put forward and these were also tested. Work was undertaken to refine and amend the Council's proposal prior to the submission to planning.
- 13 Economy & Growth Committee noted an update report on this matter on 6th June 2023.
- 14 Subsequently, discussions were held between the Council, (including its technical advisors / reservoir engineer), Poynton Town Council, and the community group, Friends of Poynton Pool, on 26th July 2023, and the meeting covered challenging technical details, data sources, and debate around alternative solutions.
- 15 The proposal documentation was further updated following these discussions and a full planning application was submitted on the 3rd November 2023. The submission was registered and is now a live planning application with a likely Planning Committee date in early 2024.
- 16 A further meeting was held on the 13th November 2023, attended by the Council, (including its technical advisors / reservoir engineer), Poynton Town Council, and the Friends of Poynton Pool. The meeting was also joined by the regulatory body, the Environment Agency. Again technical details, risk management, and works approach were discussed.
- 17 As referenced in the report to Economy & Growth Committee in June 2023, various options have been considered. These included not acting, drawing down the reservoir, a full engineering solution, a risk-based solution and a wide range of other options that have been either developed by the engineering team or presented by members of the public (including Friends of Poynton Pool)
- 18 Do nothing. There is no credible 'do nothing' option. The Council is compelled to undertake the work because of its statutory duties as 'Undertaker' in accordance with the Act and its general responsibilities around health and safety as a landowner. Should the Council choose not to do this, the Supervising Panel Engineer is statutorily bound to take steps to compel the Council by serving notice, alongside the potential risks of consequential legal action.
- 19 Full engineering solution. The Council could adopt a full engineering solution, in effect bringing the reservoir up to modern standards. The Council has been advised that this is not required at this time, that it would be more expensive, and would be more environmentally impactful than the proposed solution.

- 20 A risk-based solution minimises the environmental impact and amount of work that is done to the reservoir whilst also delivering the works needed to make the reservoir safe.
- 21 Other options (i.e. proposals to amend the risk-based solution). A wide range of other options have been proposed by the public and have been fully considered. These have centred around preventing tree loss and included increasing the size of the outlet pipework but not carrying out crest works, removing silt from the pool, creating flood storage in Poynton Pool and /or using alternative materials to construct the kerb.
- 22 Each alternative proposed has been carefully considered by the Councils consultants. Unfortunately, none of the options would deliver a better outcome, with these either not providing the protection needed by the preferred option or they are more impactful to the park, including significantly greater tree loss.

Consultation and Engagement

- 23 The Council has consulted with Ward councillors and Poynton Town Council, since late 2022.
- 24 A public meeting was held in Poynton in October 2022The Council has responded to numerous letters of enquiry and challenge. The Council has engaged positively with the community group, Friends of Poynton Pool, along with the Town Council, and substantive meetings were held recently in July 2023, and November 2023.
- 25 The proposal is now subject to a live planning application and all relevant parties will be engaged with under further consultation under the planning process and can make representation to the planning committee.

Reasons for Recommendations

- 26 In accordance with paragraph 4.29 of Chapter 3 of the Constitution (July 2023) and Chapter 7 and the Petitions Scheme of the Constitution, petitions signed by over 5000 petitioners may be accepted at the start of a meeting of a committee.
- 27 Other Options Considered

| Option | Impact | Risk |
|------------|--|--|
| Do nothing | Council would be seen not to be open and transparent | The Council could be open to Challenge |

Implications and Comments

Monitoring Officer/Legal

- 28 In accordance with paragraph 4.29 of Chapter 3 of the Constitution (July 2023) and Chapter 7 and the Petitions Scheme of the Constitution, petitions signed by over 5000 petitioners may be accepted at the start of an ordinary Council meeting or a service committee.
- 29 A Petition should relate to an area or the functions of the Council or relate to a consultation exercises or be pursuant to specific legislation, may be accepted at the start of an ordinary Council meeting or a service committee.
- 30 The petition organiser must register the petition with the Head of Democratic Services and Governance. The Petition must be signed either in person or electronically by at least 5,000 petitioners and contain the name and contact details of the petition organiser. Each signature must be supported with a clear indication that the signatory is a resident of the Borough and on the electoral register. Under the Councils Petitions Scheme it would be usual for the Committee to consider the matter and to determine if any further action should be taken, such as request that an officer report be submitted to the committee at a later date of if the petition is of significant importance to the whole borough can decide that the petition be debated at Full Council.
- 31 It is noted that the proposal is subject to a live planning application to which the Council is a participant and therefore it may not be appropriate at this time for the Committee to consider the petition any further as this may prejudice the ongoing planning application.
- 32 There are no other direct legal implications arising from the recommendations of this report currently. Any decision of the committee which gives rise to the need for a further report may have legal implications, which will be assessed at that time.
- 33 Legal comments were provided previously for the report to Economy & Growth Committee on the 6th June 2023.

Section 151 Officer/Finance

- 34 There are no direct financial implications arising from the recommendations of this report. Any decision of the committee which gives rise to the need for a further report may have financial implications.
- 35 Finance comments were provided previously for the report to Economy & Growth Committee on the 6th June 2023.

Policy

- 36 There are no direct policy implications, however there may be such implications as a consequence of any further action taken.

Equality, Diversity and Inclusion

- 37 There are no direct equality implications, however there may be such implications as a consequence of any further action taken. Such matters will also be considered by the relevant planning committee.
- 38 As identified under the previous report, the public right of way would be improved, and this may have benefits for residents with physical disabilities, however the existing path would be closed for the duration of the works, although there are alternative routes.
- 39 While we acknowledge the removal of trees may be impactful on the mental health of some residents the Council also has a statutory duty to maintain a safe working area for those undertaking the works, has the requirement to comply with the reservoirs act and manage the asset in future years.

Human Resources

- 40 There are no direct human resource implications, however there may be as a consequence of any further action taken.

Risk Management

- 41 The Council has to deliver a scheme which is unpopular with local residents but not to do so would see it contravene its statutory obligations. It has sought to mitigate this issue by engagement with the public and seeking alternative solutions, unfortunately these have not delivered a viable alternative. However, through this exercise the Council has received and tested proposed alternatives and also refined its proposals based on the comments and feedback it has received. This is now the subject of a live planning application, and full information is on the planning portal.
- 42 In compliance with the Reservoirs Act 1975 the Council has appointed appropriately qualified and experienced engineers from the DEFRA appointed all reservoirs panel. Both Panel engineers are from a very small cohort of expert engineers that are formally appointed to undertake this type of specialist work. Whilst there are on occasions, alternative outcomes for consideration, the engineers currently agree in this case with the risk-based approach that has been adopted for the proposed works.

- 43 The Council has also tested its draw down plan in early May as part of the Council's emergency planning process. This involved all the emergency services and the Environment Agency. This desk top exercising of the plan provided useful feedback which will be used to enhance the draw down plan.
- 44 Undertaking work set out in this report would reduce the risk exposure of the Council as a reservoir undertaker. Drawing down the Reservoir, thereby removing the risk or delivery of a full engineering solution may reduce this risk further but would have a greater visual and environmental impact than the proposed solution. Other proposed risk-based approaches would not deliver the risk management required to satisfy the Inspecting Engineer allowing them to satisfy their and the Council's statutory obligations under the Act.

Rural Communities

- 45 There are no direct implications on rural communities, however there may be as a consequence of any further action taken.

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

- 46 There are no direct implications of the decision to receive the petition, however there may be as a consequence of any further action taken.

Public Health

- 47 There are no direct implications of the decision to receive the petition, however there may be as a consequence of any further action taken.

Climate Change

- 48 There are no direct implications of the decision to receive the petition, however there may be as a consequence of any further action taken.

| Access to Information | |
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| Contact Officer: | Peter Skates : Acting Executive Director – Place Peter.skates@chehireeast.gov.uk |
| Appendices: | Appendix 1 – Poynton Pool Petition. |
| Background Papers: | Item 7 Poynton Pool - Economy and Growth Committee on Tuesday, 6th June, 2023, Petitions-Scheme |

Appendix 1

Petition Issue

Poynton Pool and the adjacent woodland is a considerable public asset. It is a Site of Biological Importance and a Habitat of Principle Importance. Based on a flawed flood study and despite less harmful alternatives being available to Cheshire East Council, the proposed removal of between 35 and 81 trees to enable improvements to the dam between the Pool and London Road North is deemed excessive and damaging to the local environment and to the considerable community asset.

The Signatories Formally request:

Cheshire East Council reviews the Poynton Reservoir Flood Study (2019) and if that identifies that works should be carried out to the dam at Poynton Pool:

1. the most environmentally friendly identified solutions are employed, with the objective of causing minimal disruption to the landscape, the ecology and the public enjoyment of the Park.
2. any cost/benefit analysis of the project includes both a Capital Asset Value for Amenity Trees (CAVAT) to account for the loss of amenity, and the DEFRA biodiversity offsetting metric to calculate a biodiversity net gain resulting from the project.
3. any subsequent mitigation planting is within the town boundaries

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OPEN

Economy and Growth Committee

26 January 2024

Third Financial Review 2023/24

Report of: Alex Thompson, Director of Finance and Customer Services (s151 Officer)

Report Reference No: EG/10/23-24

Ward(s) Affected: All Wards

Purpose of Report

- 1 This report provides Members with the third review of the Cheshire East Council forecast outturn for the financial year 2023/24. Members are being asked to consider the serious financial challenges being experienced by the Council (and other councils) and to recognise the important activities aimed at minimising the impact on services.
- 2 Members of the Committee are being asked to consider the financial performance of the Services relevant to their terms of reference.

Executive Summary

- 3 The Council operates a financial cycle of planning, monitoring and reporting. This review is part of the monitoring cycle and provides a forecast outturn position for the 2023/24 financial year. The information in this report also supports planning for next year's budget. This report supports the Council priority of being an open and enabling organisation, ensuring that there is transparency in all aspects of Council decision making.
- 4 The full report was received by Finance Sub Committee on 11 January 2024. Service Committees will receive the sections relevant to their committee (see Appendices).

RECOMMENDATIONS

The Economy and Growth Committee:

1. Consider the report of the Finance Sub Committee: [Finance Sub Committee, 11th January, 2024](#)
2. Consider the factors leading to a forecast Net Revenue financial underspend of (£2.8m) against a revised budget of £24.8m (11.3%), for Economy and Growth Committee services.
3. Consider the forecast and any further mitigations to be identified.
4. Consider the in-year forecast Capital Spending of £51.0m against an approved MTFFS budget of £71.6m, due to slippage that has been re-profiled into future years, in respect of Economy and Growth Committee projects.
5. Scrutinise the contents of Annex 1 and Appendix 4 and note that any financial mitigation decisions requiring approval will be made in line with relevant delegations.

Reasons for Recommendations

- 5 Committees are responsible for discharging the Council's functions within the Budget and Policy Framework provided by Council. The Budget will be aligned with Committee and Head of Service responsibilities as far as possible.
- 6 Budget holders are expected to manage within the budgets provided by full Council. Committee and Sub-Committees are responsible for monitoring financial control and making decisions as required by these

| Access to Information | |
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| Contact Officer: | Alex Thompson, Director of Finance and Customer Services (s151 Officer) alex.thompson@cheshireeast.gov.uk Paul Goodwin, Head of Finance & Deputy Chief Finance Officer paul.goodwin@cheshireeast.gov.uk |
| Appendices: | 1 Third Financial Review 2023/24 2 Annex 1 – Third Financial Review 2023/24 |
| Background Papers: | Medium Term Financial Strategy 2023-27 First Financial Review 2023/24 Second Financial Review 2023/24 Third Financial Review 2023/24 |

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OPEN

Finance Sub Committee

11 January 2024

Third Financial Review 2023/24

Report of: Alex Thompson, Director of Finance and Customer Services

Report Reference No: FSC/29/23-24

Ward(s) Affected: All Wards

Purpose of Report

- 1 This report provides Members with the third review of the Cheshire East Council forecast outturn for the financial year 2023/24. Members are being asked to consider the serious financial challenges being experienced by the Council (and other councils) and to recognise the important activities aimed at minimising the impact on services.
- 2 The report highlights the ongoing negative impact of high inflation, rising interest rates and increasing demand for services since the Council set its budget in February 2023. Annex 1 of the report highlights in detail what the Council is forecasting to achieve as part of the 2023/24 budget. Tables include updates to items identified in the MTFS plus further items identified in-year.
- 3 Reporting the financial forecast outturn supports the Council's vision to be an open Council as set out in the Corporate Plan 2021 to 2025. In particular, the priorities for an open and enabling organisation, ensure that there is transparency in all aspects of Council decision making.
- 4 The report also requests Member approval for amendments to the Council's budget in-line with authorisation levels within the Constitution.

Executive Summary

- 5 The Council operates a financial cycle of planning, monitoring and reporting. This review is part of the monitoring cycle and provides a forecast outturn position for the 2023/24 financial year. The information

in this report also supports planning for next year's budget. This report supports the Council priority of being an open and enabling organisation, ensuring that there is transparency in all aspects of Council decision making.

- 6 The Council set its 2023/24 annual budget in February 2023. The budget was balanced, as required by statute, and included important assumptions about spending in the year. The budget is part of the Medium-Term Financial Strategy (MTFS) 2023 to 2027.
- 7 The MTFS for 2023/24 included £70m of service growth and £42m of service savings. The equivalent figures for 2022/23 were £21m of growth and £7m of savings. This highlights the challenge of delivering the 2023/24 budget even before the impact of increased demand, prevailing high inflation and rising interest rates.
- 8 Prices, and demand, for services to support children and adults that require Council services continue to rise, reflecting complexity of care needs and market conditions.
- 9 The third financial review of 2023/24 is forecasting a pressure of £13.0m by 31 March 2024, an improvement of £5.7m compared to second financial review.
- 10 Improvements since second financial review include:
 - (a) Increased use of flexible capital receipts.
 - (b) Increased income.
 - (c) Holding vacant posts.
 - (d) Reducing non-essential spend.
- 11 As the Council continues to monitor the position closely, the aim is to reduce the financial pressure to Nil in 2023/24. This will ensure that the Council's reserves will be protected for future years.
- 12 The Council's General Fund Reserve balance is currently at £14.1m. A forecast outturn of £13.0m deficit would nearly eradicate the Council's remaining General Fund Reserve balance, severely reducing the ability of the Council to produce a balanced MTFS for the next financial year(s). There is also limited scope in the Council's other earmarked reserves to help mitigate the current forecast pressure as they have been set aside for specific purposes such as: funding the capital programme, future changes in funding Local Authorities by central government, and Insurance claims.
- 13 The Reserves balances are still lower than the Council would like, so the Council will be looking at opportunities to increase the General Fund Reserve, or to not draw down on an earmarked reserve where that is

possible, to ensure the Council has a robust level of reserves moving forward and is financially resilient.

- 14 In October 2023, the Cheshire East Budget Response Team (CEBERT) was set up to lead on coordinating this work across the organisation. Weekly meetings are chaired by the Chief Executive with updates relating to the workstreams identified in the review. These workstreams include Establishment Management, Spending Control Panel, Pricing Strategies and Capital Spending. The impact of this work, as well as focused activity on services within each committee is reflected in Annex 1. The Chief Executive has arranged for frequent Member updates on progress.
- 15 The financial pressures being experienced by Cheshire East Council are not unique. A recent [Local Government Association \(LGA\) Survey](#) reported that almost one in five council leaders and chief executives in England surveyed think it is very or fairly likely that their chief finance officer will need to issue a Section 114 notice this year or next due to a lack of funding to keep key services running. The LGA estimates that councils in England face a £4 billion funding gap over the next two years just to keep services standing still.
- 16 The LGA survey of council leaders and chief executives also reported:
 - (a) Half are not confident they will have enough funding to fulfil their legal duties next year (2024/25). This includes the delivery of statutory services.
 - (b) Nearly two thirds of council leaders and chief executives said there were no announcements in the Autumn Statement that they thought would help them deal with their council's financial position.
- 17 The LGA said the circumstances that have led to a Section 114 notice so far have been unique to each local area and the pressures they face. However, all those that have had to curb spending in this way have faced the same underlying pressures - councils' core spending power falling by 27 per cent in real terms from 2010/11 to 2023/24, the impact of the pandemic, rising demand for services, in particular statutory services like social care and homelessness support, and the extra costs to provide them.
- 18 The UK Parliament's Levelling Up, Housing and Communities Committee opened up a new inquiry [Financial distress in local authorities](#) in early November 2023 to "examine the current landscape of financial resilience in local authorities in England, what lessons can be learned from the recent issuers of section 114 notices, and how the various responsible bodies are fulfilling their responsibilities to ensure effective and sustainable local government". The Committee has

considered oral and written evidence on the subject over various hearings in November/December 2023. It is usual for a report to be published following such an inquiry.

- 19 Local authorities that have committed, or are likely to commit to, financial activities beyond their legal means must issue a s.114 notice. This has already happened for various reasons at eight local authorities to date (Birmingham, Northamptonshire, Nottingham, Northumberland, Croydon, Woking, Thurrock, and Slough). The pressures quoted in these councils are between £35m and £1.5bn.
- 20 Please see Financial Implications section for risks and consequences relating to a s.114 notice.
- 21 Press articles continue to report that more councils are concerned about further s.114 notices being issued. Further Councils identified since [Second Financial Review](#) include Dudley, Hampshire and Windsor and Maidenhead. The pressures quoted in these councils reported range from £8.5m to £47m.
- 22 Local authorities, including Cheshire East Council, therefore continue to liaise with Government departments over the severity of so many emerging financial issues. The Council achieves this liaison either directly or through professional or political networks. The focus of this lobbying for Cheshire East Council is on the following important local issues:
 - (a) High needs / special educational needs deficit.
 - (b) Capital Funding and HS2.
 - (c) Children's Services.
 - (d) Local Government Settlement.
- 23 **Annex 1: Third Financial Review 2023/24**
- 24 **Financial Stability:** Provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2023/24 is being funded, including the positions on overall service budgets, centrally held budgets, council tax and business rates. Further details are contained in the appendices.
- 25 **Appendices:**
 - Appendix 1** Adults and Health Committee.
 - Appendix 2** Children and Families Committee.
 - Appendix 3** Corporate Policy Committee.
 - Appendix 4** Economy and Growth Committee.

Appendix 5 Environment and Communities Committee.

Appendix 6 Highways and Transport Committee.

Appendix 7 Finance Sub-Committee.

Appendix 7a Update to the Treasury Management Strategy.

Appendix 7b Update to the Investment Strategy.

RECOMMENDATIONS

The Finance Sub Committee:

1. Consider the factors leading to a forecast adverse Net Revenue financial pressure of £13.0m against a revised budget of £353.1m (3.7%).
2. Consider the forecast and further mitigations needing to be identified, aimed at bringing spending back in-line with budget.
3. Consider the in-year forecast Capital Spending of £171.1m against an approved MTFS budget of £214.7m, due to slippage that has been re-profiled into future years.
4. Scrutinise the contents of Annex 1 and each of the appendices and note that any financial mitigation decisions requiring approval will be made in-line with relevant delegations.
5. Approve fully funded supplementary revenue estimates over £500,000 up to £1,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 2 Children and Families Committee, Section 2 Corporate Grants Register, Table 3.**
6. Approve fully funded supplementary revenue estimates over £500,000 up to £1,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 5 Environment and Communities Committee, Section 2 Corporate Grants Register, Table 2.**
7. As recommended by the Economy and Growth Committee on the 12th September 2023, approve a virement of £6.8m from the North Cheshire Garden Village project to create a separate project for the S106 Development obligations that is required by the Local Planning Authority to fund the initial infrastructure works on the site. As detailed in **Appendix 7 Finance Sub Committee, Section 5 Capital Strategy, Table 5.**

Background

- 26 Managing performance is essential to the achievement of outcomes. This is especially important in evidencing the achievement of value for money across an organisation the size of Cheshire East Council. The Council is the third largest local authority in the Northwest of England, responsible for approximately 500 services, supporting over 398,000 local people. Gross annual spending is over £750m, with a revised net revenue budget for 2023/24 of £353.1m.
- 27 The management structure of the Council is organised into four directorates: Adults, Health and Integration; Children's Services; Place; and Corporate Services. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan.
- 28 The political structure of the Council is organised into six committees, with a single sub-committee, all with financial responsibilities acutely aligned to the management structure. Performance against the 2023/24 Budget within each Committee, and the sub-committee, is outlined in Table 1 below.

Table 1 – Revenue Outturn Forecast split by the Six Service Committees and the Finance Sub-Committee

| 2023/24 | Revised Budget | Forecast Outturn | Forecast Variance FR3 | Forecast Variance FR2 | Movement from FR2 to FR3 |
|-----------------------------|----------------|------------------|-----------------------|-----------------------|--------------------------|
| | (NET) | | | | |
| | £m | £m | £m | £m | £m |
| Service Committee | | | | | |
| Adults and Health | 136.5 | 141.5 | 5.0 | 4.7 | 0.3 |
| Children and Families | 80.3 | 90.3 | 10.0 | 10.8 | (0.8) |
| Corporate Policy | 41.7 | 40.7 | (1.0) | (0.5) | (0.5) |
| Economy and Growth | 24.8 | 22.0 | (2.8) | (1.9) | (0.9) |
| Environment and Communities | 48.7 | 51.8 | 3.1 | 3.5 | (0.4) |
| Highways and Transport | 11.2 | 11.0 | (0.2) | 1.2 | (1.4) |
| Sub-Committee | | | | | |
| Finance Sub | (343.2) | (344.3) | (1.1) | 0.9 | (2.0) |
| TOTAL | - | 13.0 | 13.0 | 18.7 | (5.7) |

National Key issues causing the pressures

- 29 The national economic position of the UK has seen prevailing high inflation. The Office for Budget Responsibility (OBR) forecast, in March 2023, that inflation should reduce to 2.9% by quarter 4 of 2023.

However, that forecast has been updated (in November 2023) to 4.8%. The Council is affected by inflation in wages (for Council staff and staff of contracted services), utilities and fuel. But the Council cannot inflate in-year income from Council Tax, Business Rates or Government Grants. The forecast impact of additional pay inflation above the estimates in February is £2.8m.

- 30 The national economic position of the UK is seeing increasing interest rates. In January 2023, when the current MTFS was drafted, interest rates were at 3.5%. Current interest rates are 5.25%. The Council has loans of £303m, mainly acquired to support important Highway and Regeneration schemes, and is therefore exposed to financial pressure from increasing borrowing costs. The Council is receiving more money from investments, but this does not offer adequate compensation. Interest rates are forecast to reduce once inflation is controlled which means a shift to long-term borrowing at this point is not a favourable option.
- 31 In November 2023, the Chancellor presented the Autumn Statement. There were no direct announcements on funding for Local Government that changed the announcements already made. The Chancellor will use the new powers to de-couple the business rates multipliers, to freeze the small business rating multiplier, and to index the standard multiplier. This will complicate the settlement, but it will not significantly affect the funding that is received by local authorities.
- 32 Details of the funding allocations for each local authority will be confirmed at the provisional settlement due w/c 18th December 2023 but will mainly focus on allocations for 2024/25. Council tax referendum limits were confirmed as part of the Policy Statement 2024/25 made on 5th December. Limits for “core” Band D council tax have been set once again at 2.99% for base increases, plus 2% ringfenced for Adult Social Care. The Policy Statement also confirmed the continuation of the New Homes Bonus grant for another year, again, attracting no legacy payments.
- 33 Demand for public services, particularly those that are required to support the health and wellbeing of local residents, has increased since the pandemic. Temporary grants associated with the pandemic have ended though. The Council is experiencing demand for care for more individuals, which is driving up costs, as well as experiencing more complex demand that requires more hours of support in each case.

Consultation and Engagement

- 34 As part of the budget setting process the Pre-Budget Consultation provided an opportunity for interested parties to review and comment on

the Council's Budget proposals. The budget proposals described in the consultation document were Council-wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

Reasons for Recommendations

- 35 The overall process for managing the Council's resources focuses on value for money, good governance and stewardship. The approach to these responsibilities is captured in the Medium-Term Financial Strategy.
- 36 The budget and policy framework sets out rules for managing the Council's financial affairs and contains the financial limits that apply in various parts of the Constitution. As part of sound financial management and to comply with the Constitution any changes to the budgets agreed by Council in the MTFs require approval in-line with the financial limits within the Finance Procedure Rules.
- 37 This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.
- 38 In approving the Cheshire East Council Medium-Term Financial Strategy Members of the Council had regard to the robustness of estimates and adequacy of reserves as reported by the s.151 Officer. The s.151 Officer's report highlighted the importance of each element of the MTFs and the requirement to achieve all the proposals within it. The recommendations of this report highlight the need for ongoing activity to manage the financial pressure being experienced by the Council.

Other Options Considered

- 39 None. This report is important to ensure Members of the Committee are sighted on the financial pressure the Council is facing and the activity to date to try and mitigate this issue. Activity is required to ensure the Council balances its expenditure and income without serious impact on essential Council services.
- 40 Do nothing. Impact – Members are not updated on the financial position of the Council. Risks – Not abiding by the Constitution to provide regular reports.

Implications and Comments

Monitoring Officer/Legal

- 41 The legal implications surrounding the process of setting the 2023 to 2027 Medium-Term Financial Strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report for 2023/24. Implications arising from individual proposals regarding service growth and savings have and will continue to be the subject of ongoing advice and support.
- 42 Implications arising directly from this report relating to the internal processes of approving supplementary estimates and virements referred to are governed by the Constitution and in particular the Finance Procedure Rules.
- 43 In relation to the proposed review to ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans, it should be noted that local authorities are creatures of statute. They are created by statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.

Section 151 Officer/Finance

- 44 The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 45 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.
- 46 The unplanned use of financial reserves could require the Council to deliver a greater level of future savings to replenish reserve balances and/ or revise the level of risks associated with the development of the Reserves Strategy in future.

- 47 As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.
- 48 Forecasts contained within this review provide important information in the process of developing the Medium-Term Financial Strategy. Analysis of variances during the year will identify whether such performance is likely to continue, and this enables more robust estimates to be established.
- 49 The risk associated with the scale of these challenges is that the Council could act illegally, triggering the requirement for a s.114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:
- i) Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
 - ii) Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.
- 50 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.
- 51 Further consequences would be highly likely and could include the appointment of Commissioners from the DLUHC, and potential restrictions on the decision-making powers of local leaders.

Policy

- 52 This report is a backward look at Council activities and predicts the year-end position. It supports the Corporate Plan aim Open and priority to be an open and enabling organisation.
- 53 The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2024 to 2028 Medium-Term Financial Strategy.
- 54 The approval of supplementary estimates and virements are governed by the Finance Procedure Rules section of the Constitution.

Equality, Diversity and Inclusion

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

Human Resources

- 56 This report is a backward look at Council activities at outturn and states the year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

Risk Management

- 57 Financial risks are assessed and reported on a regular basis, and remedial action taken if required. Risks associated with the achievement of the 2022/23 budget and the level of general reserves were factored into the 2023/24 financial scenario, budget, and reserves strategy.

Rural Communities

- 58 The report provides details of service provision across the borough.

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

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

Public Health

- 60 This report is a backward look at Council activities at the third review and provides the forecast year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

Climate Change

- 61 There are no direct implications for climate change.

| Access to Information | |
|------------------------------|--|
| Contact Officer: | <p>Alex Thompson</p> <p>Director of Finance and Customer Services (Section 151 Officer)</p> <p>alex.thompson@cheshireeast.gov.uk</p> <p>01270 685876</p> |
| Appendices: | <p>Annex 1 including:</p> <p>Section 1 provides information on the overall financial stability and resilience of the Council. Further details are contained in the appendices.</p> <p>Appendix 1 Adults and Health Committee.</p> <p>Appendix 2 Children and Families Committee.</p> <p>Appendix 3 Corporate Policy Committee.</p> <p>Appendix 4 Economy and Growth Committee.</p> <p>Appendix 5 Environment and Communities Committee.</p> <p>Appendix 6 Highways and Transport Committee.</p> <p>Appendix 7 Finance Sub-Committee.</p> <p>Appendix 7a Update to the Treasury Management Strategy.</p> <p>Appendix 7b Update to the Investment Strategy.</p> |
| Background Papers: | <p>The following are links to key background documents:</p> <p>Medium Term Financial Strategy 2023-2027</p> <p>First Financial Review</p> <p>Second Financial Review</p> |



Third Financial Review 2023/24

January 2024

This report receives scrutiny and approval from Members of Cheshire East Council. As a public report, the Council welcomes feedback to the information contained here.

Anyone wanting to comment is invited to contact the Council at:

RandC@cheshireeast.gov.uk

Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 398,000 local people with annual spending of over £750m.

Local government is going through a period of financial challenges, with a combination of the impact of increasing demand for services and rising costs due to inflation and interest rates. There is also increasing uncertainty associated with income from business rates and government grants.

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics and the national cost of living increases. This demand is resulting in a forecast outturn of £13.0m against a net revenue budget of £353.1m. The most significant impact is within the rising costs of Children's Social Care. Further activity is required to identify other mitigating measures.

When the 2023/24 budget was set, in February 2023, it was highlighted that the use of reserves was not sustainable in the medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. The forecasts at first review highlight pressures due to demand, inflation, interest rates and pay negotiations. These will almost certainly affect the medium term finances of the Council. This situation must be addressed now and as part of the MTFS process for 2024 to 2028.

To support openness and transparency, and provide evidence of strong governance, the report has a main section, to provide background and context, and then nine supporting appendices with

detailed information about allocation and management of public money during 2023/24.

The **Financial Stability** section provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2023/24 is being funded, including the positions on overall service budgets, centrally held budgets, Council Tax and Business Rates. Further details are contained in the appendices.

- **Appendix 1** Adults and Health Committee.
- **Appendix 2** Children and Families Committee.
- **Appendix 3** Corporate Policy Committee.
- **Appendix 4** Economy and Growth Committee.
- **Appendix 5** Environment and Communities Committee.
- **Appendix 6** Highways and Transport Committee.
- **Appendix 7** Finance Sub-Committee.
- **Appendix 7a** Update to the Treasury Management Strategy.
- **Appendix 7b** Update to the Investment Strategy.

Alex Thompson

Director of Finance and Customer Services
(Section 151 Officer)

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2023/24 Outturn Forecast - Financial Position

| 2023/24 | Revised Budget (NET) £m | Forecast Outturn £m | Forecast Variance £m | For further information please see the following sections |
|--|-------------------------------|------------------------|-------------------------|---|
| SERVICE DIRECTORATES | | | | |
| Adults, Health and Integration | 136.5 | 141.5 | 5.0 | Appendix 1 |
| Children's Services | 80.3 | 90.3 | 10.0 | Appendix 2 |
| Place - Directorate/Growth & Enterprise | 24.8 | 22.0 | (2.8) | Appendix 4 |
| Place - Environment & Neighbourhood Services | 48.7 | 51.8 | 3.1 | Appendix 5 |
| Place - Highways & Infrastructure | 11.2 | 11.0 | (0.2) | Appendix 6 |
| Corporate Services | 41.7 | 40.7 | (1.0) | Appendix 3 |
| Total Services Net Expenditure | 343.2 | 357.3 | 14.1 | |
| CENTRAL BUDGETS | | | | |
| Capital Financing | 19.0 | 19.0 | - | Appendix 7 Section 5 |
| Transfer to/(from) Earmarked Reserves | (7.4) | (7.4) | - | Appendix 7 Section 6 |
| Transfer from MTFs Earmarked Reserve | - | - | - | Appendix 7 Section 6 |
| Corporate Contributions / Central Budgets | (1.7) | (2.8) | (1.1) | Appendix 7 |
| TOTAL NET EXPENDITURE | 353.1 | 366.1 | 13.0 | |
| Business Rates Retention Scheme | (55.3) | (55.3) | - | Appendix 7 Section 2 |
| Specific Grants | (26.8) | (26.8) | - | Appendix 7 Section 3 |
| Council Tax | (271.1) | (271.1) | - | Appendix 7 Section 2 |
| Net Funding | (353.1) | (353.1) | - | |
| NET (SURPLUS) / DEFICIT | - | 13.0 | 13.0 | |

Financial Stability

Introduction

- The Council has a track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of inflation, the legacy impact of the Coronavirus pandemic on people and on the economy and increasing cost of living pressure on households. These issues have the effect of increasing the demand for services and increasing costs of services.
- Complexity and market sustainability in Adults' and Children's Social Care remains the most significant financial pressure for the Council in the medium term. The affects of inflation on contracts, utilities and wage levels are affecting costs across all services.
- Table 1** provides a service summary of financial performance. The current forecast is that services will be £14.1m over budget in the current year which includes mitigating actions identified to date. The 2023/24 Approved Budget Policy Changes and Forecast Variances provide further details and changes to service net budgets since the Medium-Term Financial Strategy (Section 2 in the **Appendices 1-6**).
- It also shows that central budgets are forecast to be £1.1m below budget resulting in an overall forecast outturn of £13.0m against a net revenue budget of £353.1m.
- Further items impacting on the level of the Council's balances are detailed in **Appendix 7**.

Table 1 - Service Revenue Outturn Forecasts

| 2023/24 | Revised Budget | Forecast Outturn | Forecast Variance | Forecast Variance FR1 | Movement from FR2 to FR3 |
|--|----------------|------------------|-------------------|-----------------------|--------------------------|
| | (NET) | | | | |
| | £m | £m | £m | £000 | £000 |
| SERVICE DIRECTORATES | | | | | |
| Adult Social Care - Operations | 137.9 | 142.9 | 4.9 | 4.7 | 0.3 |
| Commissioning | (1.4) | (1.4) | 0.1 | 0.1 | 0.0 |
| Public Health | - | - | - | - | - |
| Adults and Health Committee | 136.5 | 141.5 | 5.0 | 4.7 | 0.3 |
| Directorate | 0.7 | 0.5 | (0.2) | 0.1 | (0.3) |
| Children's Social Care | 49.0 | 58.1 | 9.2 | 9.4 | (0.3) |
| Strong Start, Family Help and Integration | 7.4 | 6.4 | (1.0) | (0.6) | (0.4) |
| Education & 14-19 Skills | 23.2 | 25.2 | 2.0 | 1.8 | 0.2 |
| Children and Families Committee | 80.3 | 90.3 | 10.0 | 10.8 | (0.8) |
| Directorate | 0.3 | 0.1 | (0.2) | (0.2) | - |
| Growth & Enterprise | 24.5 | 21.9 | (2.6) | (1.7) | (0.9) |
| Economy and Growth Committee | 24.8 | 22.0 | (2.8) | (1.9) | (0.9) |
| Environment & Neighbourhood Services | 48.7 | 51.8 | 3.1 | 3.5 | (0.4) |
| Environment and Communities Committee | 48.7 | 51.8 | 3.1 | 3.5 | (0.4) |
| Highways & Infrastructure | 11.2 | 11.0 | (0.2) | 1.2 | (1.3) |
| Highways and Transport Committee | 11.2 | 11.0 | (0.2) | 1.2 | (1.3) |
| Directorate | 0.6 | 0.3 | (0.26) | (0.1) | (0.2) |
| Finance & Customer Services | 13.3 | 13.1 | (0.19) | 0.2 | (0.3) |
| Governance & Compliance Services | 10.8 | 10.4 | (0.37) | (0.4) | 0.1 |
| Communications | 0.7 | 0.7 | 0.01 | 0.0 | 0.0 |
| HR | 2.6 | 2.2 | (0.35) | (0.2) | (0.1) |
| ICT | 11.8 | 12.1 | 0.28 | 0.4 | (0.1) |
| Policy & Change | 2.0 | 1.9 | (0.08) | (0.3) | 0.2 |
| Corporate Policy Committee | 41.7 | 40.7 | (1.0) | (0.5) | (0.5) |
| TOTAL SERVICES NET EXPENDITURE | 343.2 | 357.3 | 14.1 | 17.8 | (3.6) |
| CENTRAL BUDGETS | | | | | |
| Capital Financing | 19.0 | 19.0 | - | 0.4 | (0.4) |
| Transfer to/(from) Earmarked Reserves | (7.4) | (7.4) | - | - | - |
| Corporate Contributions / Central Budgets | (1.7) | (2.8) | (1.1) | 0.5 | (1.6) |
| Finance Sub-Committee - Central Budgets | 9.9 | 8.8 | (1.1) | 0.9 | (2.0) |
| TOTAL NET EXPENDITURE | 353.1 | 366.1 | 13.0 | 18.7 | (5.7) |
| Business Rates Retention Scheme | (55.3) | (55.3) | - | - | - |
| Specific Grants | (26.8) | (26.8) | - | - | - |
| Council Tax | (271.1) | (271.1) | - | - | - |
| Finance Sub-Committee - Net Funding | (353.1) | (353.1) | - | - | - |
| NET (SURPLUS) / DEFICIT | - | 13.0 | 13.0 | 18.7 | (5.7) |
| General Reserves Balance | | | | | |
| 2023/24 Budget | | | | | |
| | £m | | | | |
| Opening Balance April 2023 | 14.1 | Actual | | | |
| 2023/24 Impact on Reserves (see above) | (13.0) | Forecast | | | |
| Closing Balance March 2024 | 1.1 | Forecast | | | |

Appendices to Third Financial Review 2023/24

January 2024

Appendix 4: Economy and Growth Committee

Contents

1. Changes to Revenue Budget 2023/24 since Second Financial Review
2. 2023/24 Approved Budget Policy Changes and Forecast Variances
3. Corporate Grants Register
Table 1: Economy and Growth Committee Grants
4. Debt Management
5. Capital Strategy
6. Reserves Strategy

Appendix 4

Economy and Growth Committee

1. Changes to Revenue Budget 2023/24 since Second Financial Review

| | Second Review Revised Net Budget | Adjustments to FR2 Budget | Third Review Revised Net Budget | Unringfenced Grants to be Actioned |
|-------------------------------------|--|------------------------------|---------------------------------------|--|
| | £000 | £000 | £000 | £000 |
| Directorate | 182 | 109 | 291 | - |
| Growth & Enterprise | 24,616 | (109) | 24,507 | - |
| Economy and Growth Committee | 24,798 | - | 24,798 | - |

Note the unringfenced grants to be actioned column includes the expenditure part of centrally held unringfenced grants. These budget adjustments will take place once all third financial review approvals have been given.

Economy and Growth Committee

2. 2023/24 Approved Budget Policy Changes and Forecast Variances

Forecast Outturn Commentary:

The Growth and Enterprise and Place Directorate services have an underspend of £2.8m against a net budget of £24.8m. This is an improvement of £0.9m from the second financial review. The main changes are an improvement to the Facilities Management position (-£0.5m) as a result of additional credits from prior year rates appeals alongside a review of energy forecasts. There are also additional savings from holding vacancies and reducing non-essential spend (-£0.4m) across all areas.

Staff vacancies are being held across all services and non-staffing budgets are being controlled to help with the overall Council financial position. Grant funding is being utilised wherever possible to relieve the pressure on base budgets. A one-off rates rebate dating back to 2017 has improved the outturn forecast for Estates by £1m in-year and helped to mitigate the increased reactive maintenance pressures. A £0.2m pressure is forecast because of the pay award being higher than the original budget. Several in-year mitigations are forecast within the outturn position reflecting a reduction in Place Directorate spending, releasing earmarked reserves and actions to reduce Economic Development and Cultural Economy expenditure.

| MTFS Ref No | Detailed List of Service Budget Changes | 2023/24 £m | 2023/24 Variance £m | Commentary |
|-------------|---|----------------|---------------------|---|
| | Economy and Growth Committee | 1.045** | | **Totals will not match to MTFS as Place Restructuring items all moved under E&G |
| 64 | Assets - Buildings and Operational | 2.480 | - | Growth identified for increases in costs for the operation of our building continues to be monitored. |
| 65 | Pay inflation | 1.437 | 0.246 | The total cost of pay inflation will exceed 5% based on national pay negotiations. This may be mitigated through management of vacancies. |
| 66 | Rates increase for Cheshire East properties | 0.343 | - | Budgets in place for increase in rateable values for Cheshire East Council properties. |
| 67 | Rates increase from Collection Fund EMR | -0.343 | - | Funding for increase in rateable values for Cheshire East properties is in place for 2023/24. |

| | | | | |
|----|---|---------|--------|---|
| 68 | Office Estate Rationalisation | 0.210 | 0.050 | Consultation ongoing with proposals being developed for consideration by Committee. |
| 69 | Rural and Visitor Economy | 0.165 | - | Provision of additional funding to manage increased costs of materials and staffing. This is expected to be on budget. |
| 70 | Cultural | 0.072 | - | Growth to support cultural framework required for regeneration projects across the borough and safeguarding museum collections. This is on track. |
| 71 | Housing | - | - | Growth identified for First Homes initiative in 2024/25. |
| 72 | Assets - Transactions | 0.023 | - | Removal of prior year savings target offset by increased property disposals and proactive management lease renewals and rent reviews. On track for the end of the year. |
| 73 | Inflation in Utility costs and enhanced Carbon Management | -1.500 | - | Removal of one-off budget for 2022/23. |
| 74 | Pension Costs Adjustment | -0.675 | - | On track, subject to ongoing monitoring, dependent on in-year staffing costs. |
| 75 | Restructuring Potential | -1.009 | - | The total saving for the Directorate and the three Place committees is placed under Economy & Growth. Partial savings captured through vacancy management and capitalisation, with further saving opportunities being explored. |
| 76 | Investment in Public Rights of Way | -0.100* | - | Removal of one-off budget for 2022/23. |
| 77 | Tatton Park | -0.028 | - | Savings resulting from income and efficiencies generated through the investment programme in the facilities at Tatton Park. |
| 78 | Asset / Service Transfer | -0.020 | - | Savings should be met by the end of the year. |
| 79 | Transfer of Congleton Visitor Information Centre | -0.010 | - | Savings on target, transfer is complete. |
| | Estates Mitigations | | -1.411 | Mainly due to rates rebate for prior years plus staffing savings and reduced expenditure. |
| | Housing Mitigations | | -0.500 | Staffing savings, utilisation of grants and increased income. |
| | Rural & Cultural Mitigations | | -0.223 | Staffing savings and reduced expenditure. Slightly offset by income pressures across the service. |
| | Economic Development Mitigations | | -0.768 | Reduced expenditure, staffing savings, increased capitalisation and utilisation of grants, release of earmarked reserves. |

| | | | | |
|--|---|--|---------------|--|
| | Place directorate Mitigations | | -0.205 | Reduced expenditure and release of earmarked reserve |
| | In year variances across Economy & Growth | | -0.008 | |
| | TOTAL FORECAST VARIANCE | | -2.819 | |
| | Further Mitigating Actions | | TBD | Stop non-essential spend and continued vacancy management, reduce energy costs in Council buildings through partition of under-utilised areas. |
| | REVISED FORECAST VARIANCE | | -2.819 | |

** 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*

Economy and Growth Committee

3. Corporate Grants Register

3.1 Cheshire East Council receives two main types of Government grants; specific purpose grants and general use grants. Specific purpose grants are held within the relevant service with a corresponding expenditure budget. Whereas general use grants are held in central budgets with a corresponding expenditure budget within the allocated service area.

3.2 Spending in relation to specific purpose grants must be in line with the purpose for which it is provided.

3.3 There has been no change in the grants forecast position for Economy & Growth.

3.4 **Table 1** provides a detailed listing of all Economy & Growth related grants, their movements between the reporting period and the treatment of the grant.

Table 1 – Corporate Grants Register

| Grants 2023/24 | Original Budget | Revised Forecast Mid-Year | Revised Forecast FR3 | Change from Mid-Year Forecast | Treatment of Grant |
|---|-----------------|---------------------------|----------------------|-------------------------------|--------------------|
| | 2023/24 £000 | 2023/24 £000 | 2023/24 £000 | 2023/24 £000 | Notes 2 - 5 |
| ECONOMY & GROWTH | | | | | |
| Specific Purpose (Held within Services) | | | | | |
| Rough Sleeping Initiative | 0 | 319 | 319 | 0 | |
| Rough Sleeper Initiative: Target Group Priority Funding | 0 | 15 | 15 | 0 | |
| Homelessness Prevention Grant | 0 | 608 | 608 | 0 | |
| Homelessness Prevention Grant: Homes for Ukraine top-up 2023/24 | 0 | 422 | 422 | 0 | |
| Shared Prosperity Fund - brought-forward | 0 | 1,119 | 1,119 | 0 | |
| Shared Prosperity Fund | 0 | 2,412 | 2,412 | 0 | |
| Local Enterprise Partnership (LEP): Core Funding | 375 | 250 | 250 | 0 | |
| Local Enterprise Partnership (LEP): Growth Hub Funding | 231 | 261 | 261 | 0 | |
| Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11 | 500 | 500 | 500 | 0 | |
| Local Enterprise Partnership (LEP): Skills Bootcamp | 1,500 | 1,355 | 1,355 | 0 | |
| Impossible Perspectives – Digital Arts Project | 0 | 49 | 49 | 0 | |
| Towns Fund - Ice Cream Van | 0 | 15 | 15 | 0 | |
| Total Economy & Growth - Specific Purpose | 2,606 | 7,324 | 7,324 | 0 | |
| TOTAL ECONOMY & GROWTH | 2,606 | 7,324 | 7,324 | 0 | |

Notes

- 1 The Dedicated Schools Grant, Pupil Premium Grant, Sixth Form Grant and Other School Specific Grant from the Education Funding Agency (EFA) figures are based on actual anticipated allocations. Changes are for in-year increases/decreases to allocations by the DfE and conversions to academy status.
- 2 SRE - Supplementary Revenue Estimate requested by relevant service.
- 3 ODR - Officer Decision Record to approve immediate budget change to relevant service.
- 4 Reserves - transfer to reserves at year end.
- 5 Balances - amount will be included as a variance to budget.

Economy and Growth Committee

4. Debt Management

| | Outstanding Debt £000 | | | Over 6 months old £000 | | |
|-------------------------------------|-----------------------|--------|-----------------------|------------------------|--------|-----------------------|
| | Sep-23 | Oct-23 | Increase / (Decrease) | Sep-23 | Oct-23 | Increase / (Decrease) |
| Economy and Growth Committee | | | | | | |
| Growth and Enterprise | 905 | 1,777 | 872 | 224 | 222 | (2) |

Note: Increase in outstanding debt mainly due to invoices two local authority invoices (£385,000 & £735,000 respectively).

Economy and Growth Committee

5. Capital Strategy

| Economy & Growth | | | | | | | | CAPITAL | | | | | |
|--|-------------------------------|---------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|------------------|--------------------------------|-------------------------------|--------------------------|------------------------------|-----------------------|
| CAPITAL PROGRAMME 2023/24 - 2026/27 | | | | | | | | | | | | | |
| Scheme Description | Forecast Expenditure | | | | | | | Forecast Funding | | | | | Total Funding £000 |
| | Total Approved Budget £000 | 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 | |
| Committed Schemes in progress | | | | | | | | | | | | | |
| Facilities Management | | | | | | | | | | | | | |
| Public Sector Decarbonisation Fund - FM 1 | 1,855 | 1,759 | 96 | 0 | 0 | 0 | 96 | 96 | 0 | 0 | 0 | 0 | 96 |
| Public Sector Decarbonisation Fund - FM 2 | 604 | 452 | 153 | 0 | 0 | 0 | 153 | 153 | 0 | 0 | 0 | 0 | 153 |
| Public Sector Decarbonisation Fund - FM 3 | 5,214 | 3,931 | 1,283 | 0 | 0 | 0 | 1,283 | 285 | 0 | 0 | 0 | 998 | 1,283 |
| PSDS - 3B - Lot 1 | 3,278 | 0 | 200 | 2,078 | 1,000 | 0 | 3,278 | 2,015 | 0 | 0 | 0 | 1,263 | 3,278 |
| PSDS - 3B - Lot 3 (schools) | 4,946 | 0 | 4,572 | 375 | 0 | 0 | 4,946 | 4,572 | 0 | 375 | 0 | 0 | 4,946 |
| Septic Tanks | 636 | 280 | 5 | 351 | 0 | 0 | 356 | 0 | 0 | 0 | 0 | 356 | 356 |
| Schools Capital Maintenance | 6,956 | 4,639 | 1,838 | 479 | 0 | 0 | 2,317 | 2,037 | 0 | 281 | 0 | 0 | 2,317 |
| Corporate Landlord - Operational | 1,027 | 962 | 35 | 30 | 0 | 0 | 65 | 0 | 0 | 0 | 0 | 65 | 65 |
| Premises Capital (FM) | 38,989 | 30,705 | 2,315 | 3,500 | 2,469 | 0 | 8,284 | 0 | 0 | 0 | 0 | 8,284 | 8,284 |
| Poynton Pool Spillway | 1,380 | 296 | 154 | 930 | 0 | 0 | 1,084 | 0 | 0 | 200 | 0 | 884 | 1,084 |
| Housing | | | | | | | | | | | | | |
| Home Upgrade Grant Phase 2 | 6,210 | 0 | 1,553 | 4,658 | 0 | 0 | 6,210 | 6,210 | 0 | 0 | 0 | 0 | 6,210 |
| Crewe Towns Fund - Warm and Healthy Homes | 100 | 10 | 20 | 70 | 0 | 0 | 90 | 90 | 0 | 0 | 0 | 0 | 90 |
| Social Housing Decarbonisation Fund | 1,565 | 86 | 1,479 | 0 | 0 | 0 | 1,479 | 1,479 | 0 | 0 | 0 | 0 | 1,479 |
| Future High Street Funding - Chester Street | 8 | 3 | 5 | 0 | 0 | 0 | 5 | 5 | 0 | 0 | 0 | 0 | 5 |
| Future High Street Funding - Delamere Street | 10 | 5 | 5 | 0 | 0 | 0 | 5 | 5 | 0 | 0 | 0 | 0 | 5 |
| Green Homes Grant | 3,103 | 2,249 | 370 | 483 | 0 | 0 | 854 | 854 | 0 | 0 | 0 | 0 | 854 |
| Sustainable Warmth - Home Upgrade Grant | 806 | 631 | 175 | 0 | 0 | 0 | 175 | 175 | 0 | 0 | 0 | 0 | 175 |
| Home Repairs Vulnerable People | 1,285 | 659 | 109 | 258 | 258 | 0 | 626 | 0 | 0 | 0 | 0 | 626 | 626 |
| Disabled Facilities | 15,818 | 6,989 | 3,200 | 3,287 | 2,342 | 0 | 8,829 | 7,902 | 0 | 0 | 0 | 928 | 8,829 |
| Warm Homes Fund | 239 | 198 | 41 | 0 | 0 | 0 | 41 | 41 | 0 | 0 | 0 | 0 | 41 |
| Temporary Accommodation | 1,178 | 878 | 210 | 90 | 0 | 0 | 300 | 0 | 54 | 246 | 0 | 0 | 300 |
| Gypsy and Traveller Sites | 4,136 | 1,289 | 2,069 | 778 | 0 | 0 | 2,847 | 700 | 436 | 0 | 0 | 1,712 | 2,847 |

CAPITAL PROGRAMME 2023/24 - 2026/27

| Scheme Description | Forecast Expenditure | | | | | | | Forecast Funding | | | | | Total Funding £000 |
|---|-------------------------------|---------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------------|------------------|--------------------------------|-------------------------------|--------------------------|------------------------------|-----------------------|
| | Total Approved Budget £000 | 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 | |
| Committed Schemes in progress | | | | | | | | | | | | | |
| Estates | | | | | | | | | | | | | |
| Corporate Landlord - Non-Operational | 1,336 | 0 | 1,336 | 0 | 0 | 0 | 1,336 | 0 | 0 | 0 | 0 | 1,336 | 1,336 |
| Malkins Bank Landfill Site | 1,360 | 565 | 250 | 545 | 0 | 0 | 795 | 0 | 0 | 0 | 7 | 788 | 795 |
| Farms Strategy | 2,910 | 1,671 | 30 | 180 | 310 | 720 | 1,240 | 0 | 0 | 0 | 1,240 | 0 | 1,240 |
| Economic Development | | | | | | | | | | | | | |
| Crewe Towns Fund - Repurposing Our High Streets | 1,450 | 38 | 227 | 541 | 644 | 0 | 1,412 | 1,412 | 0 | 0 | 0 | 0 | 1,412 |
| Crewe Towns Fund - Flag Lane Baths | 2,800 | 306 | 236 | 2,258 | 0 | 0 | 2,494 | 2,494 | 0 | 0 | 0 | 0 | 2,494 |
| Crewe Towns Fund - Mill Street Corridor | 1,190 | 190 | 633 | 367 | 0 | 0 | 1,000 | 1,000 | 0 | 0 | 0 | 0 | 1,000 |
| Crewe Towns Fund - Mirion St | 732 | 30 | 100 | 603 | 0 | 0 | 703 | 703 | 0 | 0 | 0 | 0 | 703 |
| Crewe Towns Fund - Crewe Youth Zone non-grant | 978 | 49 | 100 | 829 | 0 | 0 | 929 | 929 | 0 | 0 | 0 | 0 | 929 |
| Crewe Towns Fund - History Centre Public Realm | 283 | 14 | 269 | 0 | 0 | 0 | 269 | 269 | 0 | 0 | 0 | 0 | 269 |
| Crewe Towns Fund | 12,442 | 0 | 256 | 7,811 | 4,374 | 0 | 12,442 | 12,442 | 0 | 0 | 0 | 0 | 12,442 |
| Handforth Heat Network | 13,219 | 0 | 680 | 1,924 | 6,692 | 3,923 | 13,219 | 2,604 | 7,428 | 0 | 0 | 3,187 | 13,219 |
| Demolition of Crewe Library & Concourse (Future High Street Funding - History Centre Preparatory) | 3,290 | 181 | 836 | 2,273 | 0 | 0 | 3,109 | 1,586 | 0 | 0 | 0 | 1,523 | 3,109 |
| Future High Street Funding - CEC Innovation | 3,973 | 59 | 1,304 | 2,611 | 0 | 0 | 3,915 | 3,915 | 0 | 0 | 0 | 0 | 3,915 |
| Future High Street Funding - Christ Church | 80 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Crewe Town Centre Regeneration | 32,303 | 15,058 | 16,016 | 1,229 | 0 | 0 | 17,245 | 351 | 64 | 0 | 0 | 16,829 | 17,245 |
| Macclesfield Indoor Market Toilet Refurbishment | 180 | 12 | 168 | 0 | 0 | 0 | 168 | 50 | 98 | 0 | 0 | 20 | 168 |
| Macclesfield Town Centre | 358 | 0 | 0 | 358 | 0 | 0 | 358 | 0 | 0 | 0 | 0 | 358 | 358 |
| South Macclesfield Development Area | 34,630 | 3,237 | 145 | 11,248 | 20,000 | 0 | 31,393 | 10,000 | 10,000 | 0 | 11,393 | 0 | 31,393 |
| North Cheshire Garden Village | 57,866 | 6,002 | 2,400 | 18,989 | 30,475 | 0 | 51,864 | 21,189 | 0 | 0 | 21,700 | 8,975 | 51,864 |
| Leighton Green | 2,096 | 1,464 | 100 | 532 | 0 | 0 | 632 | 0 | 0 | 0 | 0 | 632 | 632 |
| Connecting Cheshire Phase 3 | 8,000 | 0 | 600 | 1,500 | 2,000 | 3,900 | 8,000 | 0 | 8,000 | 0 | 0 | 0 | 8,000 |
| Connecting Cheshire 2020 | 9,250 | 3,709 | 2,303 | 2,238 | 1,000 | 0 | 5,542 | 5,542 | 0 | 0 | 0 | 0 | 5,542 |
| Culture & Tourism | | | | | | | | | | | | | |
| Countryside Vehicles | 1,579 | 580 | 153 | 193 | 219 | 434 | 999 | 0 | 0 | 965 | 33 | 0 | 999 |
| Culture & Tourism S106 Schemes | 379 | 65 | 47 | 267 | 0 | 0 | 314 | 8 | 306 | 0 | 0 | 0 | 314 |
| New Archives Premises | 10,256 | 0 | 761 | 8,827 | 667 | 0 | 10,256 | 0 | 0 | 0 | 0 | 10,256 | 10,256 |
| PROW Capital Works | 1,051 | 957 | 94 | 0 | 0 | 0 | 94 | 94 | 0 | 0 | 0 | 0 | 94 |
| PROW CMM A6 MARR | 100 | 9 | 56 | 35 | 0 | 0 | 91 | 91 | 0 | 0 | 0 | 0 | 91 |
| PROW Flood Damage Investment | 72 | 63 | 8 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 0 | 8 | 8 |
| Tatton Park Investment Phase 2 | 3,280 | 1,407 | 350 | 350 | 350 | 823 | 1,873 | 0 | 0 | 0 | 0 | 1,873 | 1,873 |
| Total Committed Schemes | 306,788 | 91,766 | 49,346 | 83,076 | 72,800 | 9,800 | 215,022 | 91,294 | 26,385 | 2,067 | 34,373 | 60,902 | 215,022 |

CAPITAL PROGRAMME 2023/24 - 2026/27

| Scheme Description | Forecast Expenditure | | | | | | | Forecast Funding | | | | | Total Funding £000 |
|---|-------------------------------|---------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------------|------------------|--------------------------------|-------------------------------|--------------------------|------------------------------|-----------------------|
| | Total Approved Budget £000 | 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 | |
| New Schemes | | | | | | | | | | | | | |
| Housing | | | | | | | | | | | | | |
| Local Authority Housing Fund | 978 | 0 | 978 | 0 | 0 | 0 | 978 | 978 | 0 | 0 | 0 | 0 | 978 |
| Economic Development | | | | | | | | | | | | | |
| UK Shared Prosperity Fund - Core | 950 | 0 | 301 | 649 | 0 | 0 | 950 | 950 | 0 | 0 | 0 | 0 | 950 |
| Handforth Garden Village s106 Obligations | 6,841 | 0 | 0 | 0 | 3,000 | 3,841 | 6,841 | 0 | 0 | 0 | 0 | 6,841 | 6,841 |
| Culture & Tourism | | | | | | | | | | | | | |
| Cattle Handling Facility - Oakwood Farm | 190 | 0 | 190 | 0 | 0 | 0 | 190 | 0 | 0 | 190 | 0 | 0 | 190 |
| Rural Shared Prosperity Fund | 828 | 0 | 210 | 618 | 0 | 0 | 828 | 828 | 0 | 0 | 0 | 0 | 828 |
| Total New Schemes | 1,018 | 0 | 1,678 | 1,267 | 3,000 | 3,841 | 9,786 | 2,755 | 0 | 190 | 0 | 6,841 | 9,786 |
| Total Growth & Enterprise | 307,806 | 91,766 | 51,024 | 84,343 | 75,800 | 13,641 | 224,808 | 94,049 | 26,385 | 2,257 | 34,373 | 67,744 | 224,808 |

Economy and Growth Committee

6. Reserves Strategy

Economy and Growth Committee

| Name of Reserve | Opening Balance 1 April 2023 £000 | Forecast Movement in Reserves 2023/24 £000 | Forecast Closing Balance 31 March '24 £000 | Notes |
|--|---|--|--|---|
| <u>Directorate</u> | | | | |
| Place Directorate | 1,722 | (1,249) | 473 | To support a number of widespread projects within the Place Directorate. |
| Investment (Sustainability) | 648 | (221) | 427 | To support investment that can increase longer term financial independence and stability of the Council. |
| <u>Growth and Enterprise</u> | | | | |
| Legal Proceedings | 228 | (124) | 104 | To enable legal proceedings on land and property matters. |
| Investment Portfolio | 361 | 174 | 535 | 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 | To cover costs of purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families. Remaining portion of historic grants - not been used due to high levels of ringfenced Homeless Prevention & Rough Sleepers Grants being utilised. |
| Tatton Park Trading Reserve | 0 | 128 | 128 | Ringfenced Trading Reserve used to support projects and overall position at Tatton. |
| Royal Arcade Crewe | 20 | (20) | 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 rates and maintenance costs for Crewe Bus station. |
| ECONOMY AND GROWTH TOTAL | 3,109 | (1,442) | 1,667 | |

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Economy and Growth Committee Work Programme 2023-24

| Report Reference | Committee Date | Title | Purpose of Report | Lead Officer | Consultation | EIA | Corporate Plan Priority | Part of Budget and Policy Framework | Exempt Item |
|------------------|----------------|--|--|---|--------------|-----|-------------------------|-------------------------------------|-------------|
| EC/26/23-24 | 12/03/2024 | Carbon Neutral Programme - Progress Update | To provide an update to Committee on the progress in delivering the Councils carbon neutral programme | Head of Environmental Services | No | No | Green | No | No |
| EG/23/23-24 | 12/03/2024 | Cheshire East Common Allocations Policy | To consider a summary of the outcome of the consultation and the proposed changes, seeking approval to adopt the revised policy. | Head of Housing | Yes | Yes | Green | No | No |
| EG/24/23-24 | 12/03/2024 | Recommissioning of Housing Related Support Contracts | To consider the outcome of the tendering exercise and seeks further approval on next steps. | Head of Housing | No | Yes | Green | No | Yes |
| EG/25/23-24 | 12/03/2024 | Renters Reform and Selective Licensing Scheme Update | To provide an update on the work being undertaken in the Nantwich Road area of Crewe, the progress of the Crewe Neighbourhood project action plan, Selective Licensing scheme and the Renters (Reform) Bill 2023 | Head of Housing | No | No | Green | Yes | No |
| EG/27/23-24 | 12/03/2024 | Macclesfield Indoor Market Refurbishment | To enter into a contract to refurbish Macclesfield Indoor Market utilising UKSP. | Development and Regeneration Delivery Manager | No | Yes | Green | Yes | No |

| Report Reference | Committee Date | Title | Purpose of Report | Lead Officer | Consultation | EIA | Corporate Plan Priority | Part of Budget and Policy Framework | Exempt Item |
|-------------------------|-----------------------|---|---|------------------------------|---------------------|------------|--------------------------------|--|--------------------|
| EG/28/23-24 | 12/03/2024 | Update on UK Shared Prosperity Fund (UKSPF) | To receive an update on the allocation of UKSPF to projects and progress to date. | Head of Economic Development | No | No | Open | No | No |

OPEN

Economy and Growth Committee

26 January 2024

Medium Term Financial Strategy Consultation 2024/25 - 2027/28 Provisional Settlement Update

Report of: Alex Thompson, Director of Finance and Customer Services (s151 Officer)

Report Reference No: EG/12/23-24

Ward(s) Affected: (All Wards);

Purpose of Report

- 1 The Economy and Growth Committee is being asked to provide feedback, as consultees, on the development of the Cheshire East Medium-Term Financial Strategy 2024/25 to 2027/28. Feedback is requested in relation to the responsibilities of the Committee.
- 2 The Medium-Term Financial Strategy (MTFS) sets out how the Council will resource the achievement of the Corporate Plan and the budget change proposals within that report are subject to consultation and approval on an annual basis.
- 3 Developing the MTFS requires a wide range of stakeholder engagement. Members are key stakeholders in their capacity as community leaders and also have specific responsibilities as decision makers in setting the Council's budget.
- 4 All feedback will be collated and provided as evidence to the Corporate Policy Committee on 13 February 2024.
- 5 Final approval of the 2024/25 budget will take place at full Council on 27 February 2024 following recommendation from the Corporate Policy Committee.

Executive Summary

- 6 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.
- 7 Committees are responsible for overseeing the achievement of the Council's priorities contained within the Corporate Plan. Resources for the 2023/24 financial year, including Revenue, Capital and Reserves were allocated by the Finance Sub-Committee in March 2023, following the budget Council. All resources are allocated to a specific Service Committee or the Finance Sub-Committee.
- 8 The reports received by Committees in November 2023 set out the indicative budget envelopes for Committee budgets for 2024/25. The reports recommended that officers work with Members to develop further proposals to enable budgets to be set within each envelope for 2024/25.
- 9 The indicative budget envelopes for 2024/25 for all Committees were set as follows:

| | 2023/24 Original Approved budget £m | 2024/25 Revised indicative budget envelope** £m | 2024/25 Roll forward proposals £m | 2024/25 Target growth/ savings £m | 2023/24 Pay inflation shortfall £m | 2024/25 Overall Committee target £m |
|-----------------------------|---|--|---|---|--|---|
| Adults and Health | 136.3 | 137.7 | +6.1 | -5.5 | +0.8 | +1.4 |
| Children and Families | 79.1 | 89.0 | +2.9 | +6.4 | +0.6 | +9.9 |
| Corporate Policy | 41.0 | 41.2 | +1.0 | -1.2 | +0.4 | +0.2 |
| Economy and Growth | 25.0 | 27.0 | +2.4 | -0.7 | +0.2 | +2.0 |
| Environment and Communities | 48.3 | 47.2 | -0.3 | -1.6 | +0.7 | (1.1) |
| Highways and Transport | 11.0 | 12.3 | +1.5 | -0.4 | +0.1 | +1.3 |
| Finance Sub (Central) | 12.4 | 18.4 | +6.1 | - | - | +6.0 |
| TOTAL | 353.1 | 372.7 | +19.6 | -2.8 | +2.8 | +19.6 |

Note 1 - Full list of budget proposals for 2024/25 is included at Appendix A

Note 2 – there may be roundings present in the table and when compared to Appendix A due to the presentation to one and three decimal places respectively.

** virements between Committees during 2023/24 will revise the figures for the 2024/25 permanent budgets and will be set out within the MTFs budget report.

- 10 Work by members and officers has been undertaken since these meetings to put forward key change proposals for 2024/25 that help to align budgets to these targets, exceeding targets wherever possible.
- 11 The key budget change proposals are contained within the Budget Consultation survey which was launched on 9 January 2024. The consultation is due to run until 28 January 2024. Feedback received up to the close of 22 January will be shared with all members as soon as is available.
- 12 The budget items identified in the consultation were insufficient to ensure long term financial viability for the council. It is therefore necessary to raise additional income or reduce expenditure further and additional general themes/options were put forward in the consultation for consideration of how to achieve this. The consultation proposals are summarised in the table below:

| Proposal details included at Appendix A | Overall Committee target £m | Budget change proposals (growth) £m | Budget change proposals (savings) £m | Shortfall (-) / exceeding (+) target £m |
|---|--------------------------------|--|---|--|
| Adults and Health | +1.4 | +10.8 | (9.7) | +0.3 |
| Children and Families | +9.9 | +15.6 | (5.7) | - |
| Corporate Policy | +0.2 | +2.5 | (5.2) | +2.9* |
| Economy and Growth | +2.0 | +4.9 | (1.6) | (1.3) |
| Environment and Communities | (1.1) | +8.2 | (8.2) | (1.1) |
| Highways and Transport | +1.3 | +5.8 | (1.0) | (3.5) |
| Finance Sub (Central) | +6.0 | +14.6 | - | (8.6) |
| Finance Sub (Funding) | - | - | (18.2) | (1.4) |
| TOTAL | +19.6 | +62.4 | (49.6) | (12.7) |

*includes cross cutting savings proposal of £3.2m relating to agency and overtime costs which will be apportioned across service committees

- 13 Committees should aim to put forward additional change proposals to either meet or exceed their committee target to ensure that an overall balanced position for the Council can be recommended by Corporate Policy to full Council on 27 February 2024.
- 14 The Provisional Local Government finance settlement was received on 18 December 2024. There was no material impact on the target funding envelope for the Economy and Growth Committee.

RECOMMENDATIONS

The Economy and Growth Committee are being asked to:

1. Recommend to the Corporate Policy Committee, for their meeting on 13 February 2024, all proposals within the budget consultation, as related to the Committee's responsibilities, for inclusion on the Council's budget for 2024/25.
2. Identify further budget change proposals, as related to the Committee's responsibilities, that could assist Corporate Policy Committee in presenting an overall balanced budget to Council for 2024/25.

Background

- 15 The Council's financial resources are provided from a combination of local taxes, government grants, investment returns on assets and other direct contributions from individuals or organisations. Financial plans are based on estimated spending and income over the next four years and the report of the Chief Finance Officer brings Members' attention to the processes and risks associated with developing these estimates.
- 16 The Council aims to achieve value for money based on Economy (how much we pay for things), Efficiency (how well we use things) and Effectiveness (how we use things to achieve outcomes). Public feedback and internal and external scrutiny create the necessary framework to hold the Council to account for achieving these aims.
- 17 All councils are legally required to set a balanced budget each year and the immediate focus will be on balancing the 2024/25 financial year rather than on the whole medium term as has been the case previously. This reflects the extremely challenging circumstances all councils are facing currently.
- 18 The budget consultation is based on the Provisional Local Government Finance Settlement for 2024/25. This was released on 18 December 2023. The final settlement is expected in early February 2024 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 final position.
- 19 The provisional settlement set out the Core Spending Power for the authority, based on the assumption that council tax will be increased in line with the maximum allowable before a referendum would have to be held (4.99%). Some of the grants included in the Core Spending Power

calculation are ringfenced for use within the relevant service. There was no material impact on the target funding envelope for the Economy and Growth Committee.

- 20 Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 27 February 2024.

Consultation and Engagement

- 21 This report forms part of the consultation process for Members on the budget setting for 2024/25. Each committee will receive a report covering their own area of responsibilities.
- 22 All feedback from each Committee will be presented to the Corporate Policy Committee. That Committee will then make recommendations on spending and income estimates for 2024/25 to the full Council meeting on 27 February 2024.
- 23 This report and other committee meeting debates will form part of a series of engagement events with wider stakeholders to gather opinion and collate feedback on the final budget for 2024/25.

Reasons for Recommendations

- 24 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.
- 25 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.

Other Options Considered

- 26 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.
- 27 There is no option to "do nothing". The Council has statutory obligations to provide certain services, which would be unaffordable if the Council failed to levy an appropriate Council Tax.

Implications and Comments

Monitoring Officer/Legal

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

Section 151 Officer/Finance

- 29 The Council's financial resources are agreed by Council on an annual basis and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 30 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.
- 31 The requirement to use reserves to fund annual spending is not sustainable. The unplanned use of financial reserves will therefore require the Council to deliver a greater level of future savings to replenish reserve balances and reduce the level of risks associated with the development of the Reserves Strategy in future.
- 32 The risk associated with the scale of the current financial challenges, in line with many councils in England, is that the Council could act illegally, triggering the requirement for a s.114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:
- (a) Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
 - (b) Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.
- 33 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.

- 34 Further consequences would be highly likely and could include the appointment of Commissioners from the DLUHC, and potential restrictions on the decision-making powers of local leaders.

Policy

- 35 The existing Corporate Plan and the refreshed plan due to be approved later in 2024 will drive and inform Council policy and priorities for service delivery. The priorities and actions may have direct policy implications and will be considered on a case-by-case basis.

An open and enabling organisation

Equality, Diversity and Inclusion

- 36 Under the Equality Act 2010, decision makers must show “due regard” to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation;
 - (b) Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and
 - (c) Foster good relations between those groups.
- 37 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 38 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.
- 39 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.
- 40 The proposals within the MTFs include positive and negative impacts. A separate Equality Impact Assessment for the budget as a whole is routinely included in the full MTFs report each year.

- 41 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.

Human Resources

- 42 Consultation on the budget change proposals will include staff. Any changes involving staff will be managed in consultation with staff and Trade Unions.

Risk Management

- 43 Cheshire East recognises that in pursuit of its objectives and outcomes, it may choose to accept an increased degree of risk. Where the Council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood before developments are authorised, that it has sufficient risk capacity and that sensible measures to mitigate risk are established.
- 44 The Council also establishes a level of reserves that are adequate to protect the Council against financial risks, such as emergencies, which are not specifically budgeted for in individual years.
- 45 The Council will continue to be flexible about investing revenue funding in maintaining sustainable services and reflecting changes to the risks facing the Council. The full Budget Report will include a revised Reserves Strategy for 2024/25 to provide further detail on estimated balances and the application of reserves in the medium term.

Rural Communities

- 46 There are no direct implications for rural communities.

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

- 47 Budget change proposals and further mitigations that need to be identified which will affect the Children's area of the budget have been set out in the report to the Children and Families Committee.

Public Health

- 48 There are no direct implications for Public Health due to the nature of this budget being ringfenced.

Climate Change

- 49 The current Corporate Plan has a very strong environmental thread throughout with a specific aim for the Council to be ‘Greener’.
- 50 Budget change proposals which would affect the Council’s commitment of being carbon neutral by 2025 will be included in the relevant Committee report to which they relate.

| Access to Information | |
|------------------------------|---|
| Contact Officer: | Alex Thompson, Paul Goodwin, Honor Field alex.thompson@cheshireeast.gov.uk, paul.goodwin@cheshireeast.gov.uk, honor.field@cheshireeast.gov.uk |
| Appendices: | Appendix A – Extract from Budget Consultation and Detailed list of proposals |
| Background Papers: | Outturn Report 2022/23 Medium Term Financial Strategy 2023-27 First Financial Review 2023/24 Second Financial Review 2023/24 Third Financial Review 2023/24 |

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Extract from Budget Consultation:

Economy and Growth Committee proposals

Details about the purpose and responsibilities of the Economy and Growth Committee can be found [here](#).

The Economy and Growth Committee Budget for 2023/24 is £25.0 million. Expenditure is forecast to increase by £4.9 million next year. Approximately 80% of this increase is required to maintain, or provide utilities to, council assets such as buildings used as community assets, public rights of way or council offices. The remainder relates to other inflation factors such as pay.

When reviewing the Council’s funding from 1 April 2024 Councillors agreed that the affordable budget for Economy and Growth could increase by £2.0 million. This means savings of £2.9 million would have to be identified. Subsidy reductions to Tatton Park and the Visitor Centre operating model are already set to deliver savings for 2024/25 of £0.07m. Pensions costs have reduced and Councillors have also approved the closure of the Council’s offices in Sandbach. These items reduce expenditure by £0.77 million. But this still means savings of £2.1 million are required to mitigate the increasing expenditure. Managing large scale change presents financial risks, but the Council has very low reserves to protect against risk. The Council should therefore aim to over-achieve savings targets where possible.

A total of 2 savings proposals have been put forward from services overseen by the Economy and Growth Committee, totalling £0.8 million of savings for 2024/25, and brief detail of each of these proposals are given below.

More details of how these savings will be delivered will be presented in High level business cases that will be considered by committees in January and February 2024.

Proposal EG1: Service Restructures within Place based Services

Use vacancy management to slow down or not fill posts across Place in non-statutory services and non-income generating posts. Reductions in staffing could result in statutory services responding more slowly where we can. This is a cross cutting proposal across Place Services so actual figures may change from one committee to another.

Potential savings for 2024/25 = £0.8 million

Generally speaking, do you support or oppose this proposal? *Tick one box only*
Your support or opposition for a proposal does not constitute a 'vote' for or against - this consultation informs a decision making process - as such it is important that you provide additional information about why you support, oppose or are not sure.

- Support
- Oppose
- Not sure

Do you have any comments about this proposal? *Write in below*

Proposal EG2: Reduce opening hours for main offices

Close our main offices on a Friday or Monday (option 1) to save energy costs, with staff working remotely instead. Or apply alternate closures, offices operate on a rolling three-day week (for example Crewe Mon-Wed, Macclesfield Wed-Fri) (option 2). Additionally aim to close Council buildings between the hours of 6pm and 8am.

Potential savings for 2024/25 = £0.05 million

Generally speaking, do you support or oppose this proposal? *Tick one box only*
Your support or opposition for a proposal does not constitute a 'vote' for or against - this consultation informs a decision making process - as such it is important that you provide additional information about why you support, oppose or are not sure.

- Support
- Oppose
- Not sure

Do you have any comments about this proposal? *Write in below*

Appendix A – Economy and Growth Budget Consultation proposals

Detailed list of proposals:

| Reference | Item | Description | 2024/25 budget change £m |
|---|--|---|--------------------------|
| EG1 | Service Restructures within Place based Services | As per consultation extract | (0.787) |
| EG2 | Reduce opening hours for main offices | As per consultation extract | (0.050) |
| Saving included in narrative section (see consultation extract) | Office estate rationalisation | 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. 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. Surplus assets will be considered for alternative use to generate income through rental or a capital receipt | (0.550) |
| Saving included in narrative section (see consultation extract) | Tatton Park | 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. | (0.046) |
| Saving included in narrative section (see consultation extract) | Transfer of Congleton Visitor Information Centre | 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. | (0.020) |
| Saving included in narrative section (see consultation extract) | Pension costs adjustment | This item relates to pension contributions funded by the Council. Contributions can be reduced from 2023/24. 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 | (0.157) |
| Growth included in narrative section (see consultation extract) | Tatton Park ticketing and electronic point of sale (EPOeS) upgrade (revenue implications of capital) | Tatton Park has been operating its current EPOS system since 2017. The contract ends in August 2024 and this is an opportunity to source an alternative maintenance and support contract and a hardware upgrade. It will future proof both revenue collections, management and financial analysis, and provide better customer insight and targeting capabilities. Streamlining customer transactions will better enable us to maximise revenue capture at all customer interaction points. | +0.005 |

Appendix A – Economy and Growth Budget Consultation proposals

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|---|--|---|--------|
| Growth included in narrative section (see consultation extract) | Cultural | Provision of costs to support cultural framework required for regeneration projects across the borough, and safeguarding museum collections | +0.020 |
| Growth included in narrative section (see consultation extract) | Property Information and Management System - Estates – Revenue Adjustment | Underpinning the management of the Council's operational and non-operational estate is a property information and management system, which contains all site and tenancy information, provides an interface for managing a responsive repairs service, as well as related revenue and capital programme expenditure, and allows effective case management of the high volume and frequently protracted property transactions and queries. A review of the current contracting framework shows hosting and support costs have increased since the system was last procured. This proposal adjusts the revenue budget to align with these increased costs ready for a new procurement period. | +0.030 |
| Growth included in narrative section (see consultation extract) | Housing | Resources required to support Government initiative on new support for affordable housing scheme known as First Homes. | +0.035 |
| Growth included in narrative section (see consultation extract) | Environmental Hub Waste Transfer Station (revenue implications of capital) | The replacement of bay 1 in the Residual Waste Transfer Station building with push walls to a new design more likely to provide long-term resilience to wear and tear, to enable the continuation of waste processing at the transfer station. | +0.040 |
| Growth included in narrative section (see consultation extract) | Rural and Visitor Economy | 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 | +0.045 |
| Growth included in narrative section (see consultation extract) | Minimum energy efficiency standards (MEES) - Estates - Revenue Adjustment | All the Council's leased out properties will be required to meet new/phased Energy Efficiency Legislation from 1st April 2023 up to 1st April 2030. This means that to continue to lease out properties the Estates Service will need to improve the energy performance certificate (EPC) rating in line with the Government recommendations. After assessment, and in order to obtain a certificate, identified improvements will need carrying out prior to properties being leased out. Cost estimates are based on average current improvement costs, the list of identified properties requiring new EPC certificates, and phasing as determined by the legislation. | +0.079 |
| Growth included in narrative section (see | Public Rights of Way Income Realignment | Current income forecasts within the Public Rights of Way budget are not being met for a number of reasons and are unrealistic. A growth bid is required to revise income budget in line with | +0.115 |

Appendix A – Economy and Growth Budget Consultation proposals

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|---|---|--|----------------|
| consultation extract) | | forecasts to achieve the setting of a balanced budget and meet statutory requirements. | |
| Growth included in narrative section (see consultation extract) | Pay inflation (including additional pay inflation required for 2023/24 shortfall) | This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.3% for 2024/25. This may not apply evenly across pay bands due to implications of the Living Wage. The proposal also recognises the additional impact of the higher than budgeted 2023/24 final pay award. | +0.732 |
| Growth included in narrative section (see consultation extract) | Crewe town centre maintenance and operation | New revenue budgets are required to ensure that new facilities/assets/spaces being created in Crewe town centre can be operated and maintained to a reasonable standard to meet user expectations, ensure compliance with statutory requirements and ensure that they are operable for their expected lifespan without the need for closure/removal/replacement. Without this the new bus station and car park will not be fully operational (no cleaning, no toilets, daytime hours opening only and no response to any faults/issues). | +0.650 |
| Growth included in narrative section (see consultation extract) | Assets - Buildings and Operational | 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 | +3.119 |
| Overall Committee Target | | | +1.907 |
| Total growth proposals | | | +4.870 |
| Total savings proposals | | | (1.610) |
| Shortfall against Target | | | (1.353) |

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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