

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

February 2023

*An Open, Fairer, Greener Cheshire East*

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

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# Contents

Executive Summary – Delivering Our Corporate Plan .....	8
Report from the Director of Finance and Customer Services (Chief Finance Officer) .....	15
Table 1 – Four Year Summary Position .....	19
Section 1 – Context & Budget Proposals.....	20
Budget Changes for the Period 2023/24 to 2026/27 .....	24
Engagement on the Budget.....	37
Adults and Health Committee .....	39
Children and Families Committee.....	51
Corporate Policy Committee .....	63
Economy and Growth Committee .....	75
Environment and Communities Committee.....	84
Highways and Transport Committee.....	97
Finance Sub-Committee .....	104
Section 2 - Financial Stability .....	111
Introduction .....	112
Forecast Outturn 2022/23.....	113
Flexible Use of Capital Receipts 2022/23 .....	114
Balance of National vs Local Funding.....	117
Government Grant Funding of Local Expenditure .....	119
Collecting Local Taxes for Local Expenditure .....	126
Charges to Local Service Users .....	131
Investment, Borrowing and the Capital Programme.....	132

Other Economic Factors .....	134
Managing the Reserves Position .....	136
Summary of Financial Stability .....	136
Forecasting the Medium-Term Budget 2023/24 to 2026/27 .....	137
Annexes to the Medium-Term Financial Strategy Report 2023-27 .....	138
1. Corporate Plan 2021 to 2025.....	139
2a. Business Planning Process - Engagement .....	141
Introduction .....	142
Background.....	142
Key Engagement Events.....	143
2b. Budget Engagement Report .....	147
3. Impact Assessment .....	148
Executive Summary .....	149
1. Household Impact .....	150
2. Business Impact.....	152
3. Council Partners and Stakeholders .....	157
4. Carbon Impact .....	159
5. Equality Impact Assessment .....	160
Annex A: Public Sector Equality Duty.....	176
4. Risk Management.....	177
5. Local Taxation (The Collection Fund) .....	180
6. The Budget Setting Process for the 2023/24 Financial Year .....	187
7. Revenue Grant Funding .....	189
8. Capital Grant Funding .....	199

9. Financial Summary Tables (Revenue).....	205
10. Capital Strategy.....	236
Executive Summary .....	237
Comment from the Section 151 Officer .....	238
1. Introduction .....	239
2. Prioritisation of Capital Expenditure .....	241
3. Financial Controls .....	244
4. Investment and Risk Strategy .....	251
5. Governance .....	252
Background Papers .....	254
Annex A: Capital Programme.....	255
Annex B: Prudential Indicators revisions to: 2022/23 and 2023/24 – 2026/27 .....	266
Annex C: Minimum Revenue Provision .....	270
Annex D: Flexible Capital Receipts Strategy 2023/24 .....	271
11. Treasury Management Strategy .....	273
1. Background.....	274
2. External Context .....	275
3. Local Context.....	277
4. Borrowing Strategy .....	279
5. Treasury Investment Strategy .....	281
6. Treasury Management Indicators.....	285
7. Other Items .....	287
Annex A: Economic and Interest Rate Forecast.....	288
Annex B: Existing Investment and Debt Portfolio Position.....	291

12. Investment Strategy.....	292
1. Purpose .....	293
2. Investment Indicators .....	295
3. Treasury Management Investments .....	297
4. Service Investments: Loans .....	297
5. Service Investments: Shares.....	299
6. Commercial Investments: Property .....	300
7. Commercial Investments: Loans .....	303
8. Loan Commitments and Financial Guarantees.....	304
9. Proportionality .....	304
10. Borrowing in Advance of Need.....	304
11. Capacity, Skills and Culture .....	305
12. Glossary of Terms.....	306
13. Reserves Strategy .....	307
Executive Summary .....	308
1. Introduction .....	309
2. General Fund Reserves (Revenue).....	311
3. Earmarked Reserves (Revenue).....	316
4. Capital Reserves.....	325
5. Reserves Strategy Conclusion .....	325
Background Papers .....	325
14. Financial Authorisation Limits .....	326
Scheme of Virement .....	328
Supplementary Estimates .....	329

Asset Disposal / Write-off .....	329
Early Retirement / Severance .....	330
Grants and Donations .....	330
Bad Debts .....	331
15. Abbreviations.....	332
16. Forecasts (February 2022) .....	336
17. Feedback.....	338

# Executive Summary – Delivering Our Corporate Plan

## Overview

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

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

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

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

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

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

## Impact of National Economic Factors

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

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

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

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

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

## Medium-Term Financial Pressure

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

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

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

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

## Creating Financial stability over four years

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

The headlines of the MTFS are:

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

- Supporting essential growth by **managing changes to services worth -£12.4m**, including:
  - Reduce Council offices space due to new working practices,
  - Prioritise library services, by keeping all libraries open, although with a reduction in some opening hours,
  - Following Government lead on bus subsidies, meaning inflation will not be funded, which will impact on availability
  - Introducing fairer but higher car parking charges across the borough to support maintenance of such facilities,
  - Introduce charges for Green Waste collection services in-line with most English Councils,
  - Enhancing digital services to provide a more modern customer experience but also reduce costs.
- Responding to the expectation from government of additional income from Council Tax in 2023/24 and 2024/25 that will increase Core Spending Power for the Council by 8.4% based on the Spending Review 2022 (England average +9.2%).
- **Council Tax will increase by 4.99% in 2023/24 and 2024/25** 2% (£5.1m) of the increase will be solely utilised to fund increasing costs within Adult Social Care. Forecasts repeat this approach in 2024/25, with increases of a further 2.99% each year after that (1% being related to Adult Social Care).
- **Council Tax Support will continue to protect families on low incomes** from Council Tax increases. Recent changes still allow households on low incomes to receive 100% in support.
- **Increasing the annual Capital Financing Budget from £19m to £22m by 2026/27** to support borrowing on major projects.
- **Investing Capital Receipts of £4m to support transformation** activity including implementation of the Digital Strategy and ICT Shared Services review. With more

efficiencies expected in most transactional services that can support management and staffing reductions.

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

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

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

\* Approved Permanent Budget as at Financial Update 2022/23

#### Net Revenue Budget 2023/24

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

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

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

### **Capital Budget 2023/24 to 2026/27**

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

- The forecasted funding sources are:
  - Government Grants (£321m / 47%)
  - Other external contributions (£104m / 15%)
  - Receipts from Council Assets (£37m / 6%)
  - Borrowing or Revenue Contributions (£221m / 32%)
- Expenditure is estimated in the following areas:
  - Strategic Highways Schemes (£296m)
  - Growth & Enterprise (£205m)
  - Children & Families (including Schools) (£118m)
  - Finance & Customer Services (£14m)
  - Environment & Neighbourhoods (£35m)
  - ICT (£15m)

### **Strategic Management of Reserves**

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

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

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

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

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

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

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

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

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

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

## A Listening Council

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

### The stakeholder engagement process includes:

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

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

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

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

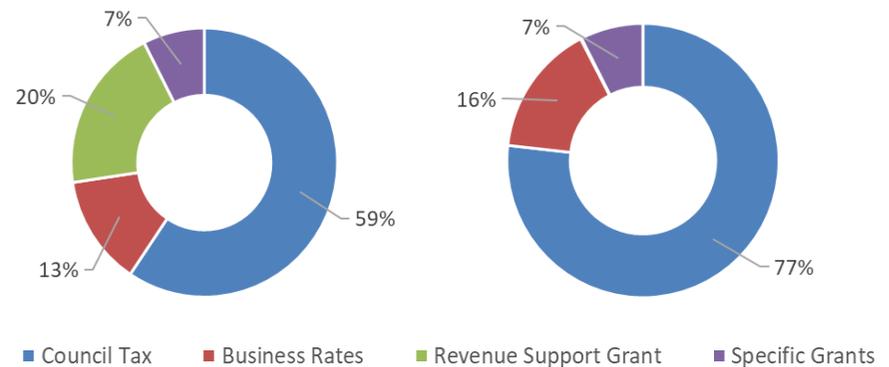
- Social Care Grant is £19.4m for 2023/24, includes £11.3m from 2022/23, plus funding recycled from the ASC charging reforms, and rolled-in Independent Living Fund (£0.8m).
- New Homes Bonus Funding of £3.8m for 2023/24
- Additional ringfenced funding for Adult Social Care for Market Sustainability and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

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

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

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

Net Revenue Budget 2013/14 - 281m\* Net Revenue Budget 2023/24 - 353m\*



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

# Cheshire East Council Medium-Term Financial Strategy 2023-27

February 2023

*An Open, Fairer, Greener Cheshire East*

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

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

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

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

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

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

## Producing Robust Estimates

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

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

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

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

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

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

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

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

evidence nationally and the Council must consider the local approach to creating sustainable local services in the same way.

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

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

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

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

To fund the overall net revenue budget growth of £25.4m (7.8%) Council Tax increases are included in the MTFs in-line with government expectations. The size of the national public sector

deficit means national tax yields must increase and/or there must be grant funding reductions in the medium-term. Continued uncertainty in local government funding structures also presents a risk to the forecasts within the MTFS. Business Rate Retention, Fairer Funding, Adult Social Care Charging Reform, changes to the Environmental Act and Planning fees are all outstanding issues with potentially material implications for the Council's finances.

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

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

## Adequate Reserves

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

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

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

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

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

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

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

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

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

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

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

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

The MTFs reserve was reviewed by the Finance Sub-Committee, where up to £5.2m was highlighted as a potential closing balance in 2025/26. This amount will be transferred to General Reserves restoring them to £12.4m (3.5% of the proposed 2023/24 Net Revenue budget). This level of reserves remains low but is in-line with the Reserves Strategy approved in February 2022.

Although reserves are adequate to support the proposals within this four-year strategy, Members must recognise that risks to all proposals within the MTFs must be mitigated. Delays or changes in proposals being implemented are unlikely to have adequate financial cover from reserves. In which case such changes would be considered outside of the budgetary framework requiring further decisions to restore the balanced budget that is a legal requirement.

## Conclusion

The Council is required to produce a balanced budget and must demonstrate adequate levels of financial management to maintain this position. Recently several councils in England have been subject to s.114 notices, particularly where financial controls have been inadequate. Such action restricts spending and usually requires government intervention and associated reductions in local decision making. This is an indication of the financial challenges

being faced by local authorities. Achieving the proposals within this budget would provide ongoing evidence that the required levels of financial management are in place at Cheshire East Council.

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

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

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

*Alex Thompson*

**Alex Thompson** FCPFA, IRRV(Hons)

Director of Finance and Customer Services

(Chief Finance Officer - Section 151 Officer)

# Table 1 – Four Year Summary Position

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

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

# Section 1 – Context & Budget Proposals

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

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

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

## The population of Cheshire East – Now and future

### Population now



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

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

### Households



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



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

### By 2043 households in Cheshire East will look like...

Older (65+) Households



83,860

Single Occupant Households



29,111

Male

Two or more dependent children



21,527

37,073

Female

### Population in 2038

0 to 14 **62,487** ↓ -4%    15 to 64 **226,440** ↓ -7.4%    65+ **124,098** ↑ 39%

Cheshire East	15%	Cheshire East	55%	Cheshire East	30%
North West	16%	North West	60%	North West	23%
England	16%	England	60%	England	24%

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

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

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

## Our Residents



**51%**  
are female



**49%**  
are male.

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



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



Between the 2011 and 2021 Census, the average age of residents has increased from 41.9 years to

**43.5 years**

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



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

**90%**



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



**8.3%**  
of Cheshire East residents were born outside the British Isles, with 4 % born outside the EU.



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



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



**5%**

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

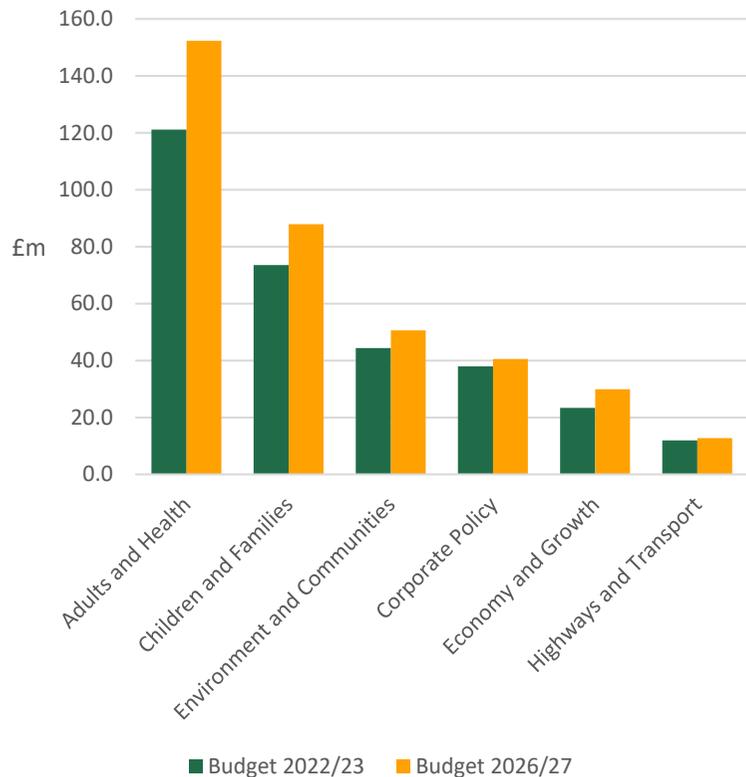


Whilst we have a smaller than average 'working age' population, more people are in work with a low unemployment rate (3.2%) - lower than regional and national averages and with a lower number of 'workless' households. Those who are employed earn higher than average earnings.

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

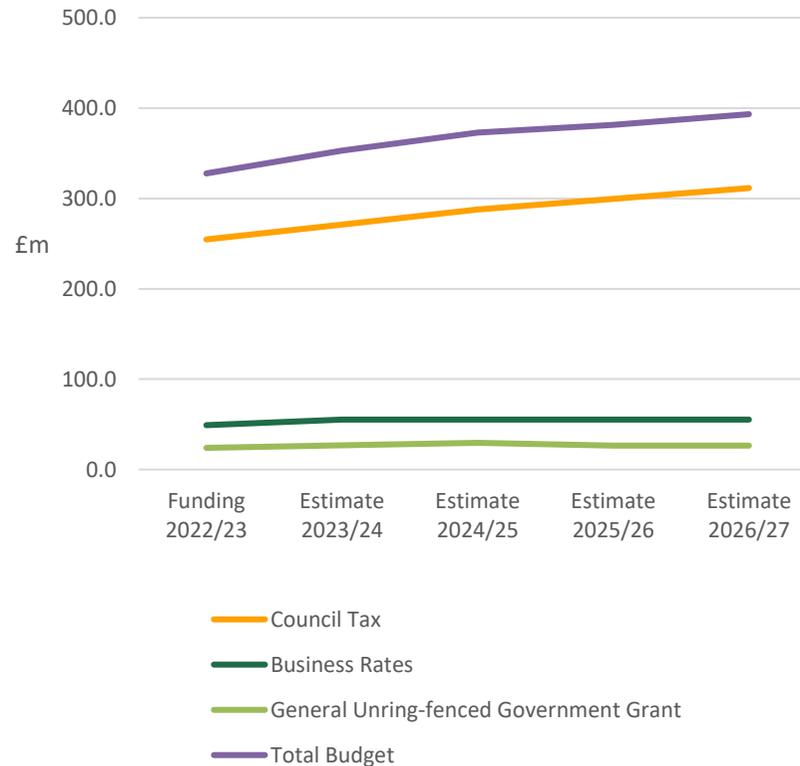
**Chart 1**

Spending is increasing for all services over the next four years



**Chart 2**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MTFS Section 1 Ref No	Detailed List of Proposed Budget Changes – Central Budgets	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
	<b>Finance Sub-Committee</b>	-28.194	-13.553	-7.137	-13.024
109	Capital Financing – Minimum Revenue Provision	-	1.000	1.000	1.000
110	Pension Costs Adjustment	5.350	-	-	-
111	Bad Debt Provision adjustment	-0.800	0.600	-	-
112	Capital Receipts Income	-1.000	-	-	-
113 (Consultation)	<i>Use of Earmarked Reserves – MTFS reserve – SEE REVISED ITEM BELOW</i>	-4.951	3.019	0.102	-3.754
113 (Revised)	Use of Earmarked Reserves – MTFS reserve	-4.951	1.792	1.237	-3.527
114	Use of Earmarked Reserves – Collection Fund reserve	1.674	1.400	0.337	0.337
115	Use of Earmarked Reserves – Capital Financing reserve	-1.700	-	-1.000	1.000
116 (Consultation)	<i>Use of Earmarked Reserves – Transformation reserve – SEE REVISED ITEM BELOW</i>	-0.100	-	-	-
116 (Revised)	Use of Earmarked Reserves – Transformation reserve	-1.371	1.271	-	-
117	Council Tax - % increase	-12.709	-13.487	-8.567	-8.959
118	Council Tax – Base increase	-3.707	-3.354	-3.144	-2.875
119	Business Rates	-6.191	-	-	-
120	Unring-fenced Grants + Revenue Support Grant	-2.789	-2.775	3.000	-
<b>Total Proposed Central Budget Items</b>		<b>-28.194</b>	<b>-13.553</b>	<b>-7.137</b>	<b>-13.024</b>
<b>Funding Position</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

# Engagement on the Budget

## Committee and Council Approval Meetings:

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

## Committee Review during Consultation period:

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

## Updates for staff on budget progress:

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

## All Committee Review:

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

## Engagement events with stakeholder groups:

Including businesses, Trades Unions, Town and Parish Councils, other key partners, voluntary, community and faith sector, and the Schools Forum (January 2023)  
These events highlighted how the Cheshire East Council budget will affect our stakeholders and help to answer questions they may have, to help us develop our relationship with our stakeholders and the wider community

## Residents:

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

## Understanding the financial tables in this document

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

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

Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
<p><b>[x] Number and Title of Budget change [reference from the MTFS 2022-26 or NEW]</b></p> <p>A narrative to describe what the proposal is</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>-X.XXX</b>	<b>-X.XXX</b>	<b>-X.XXX</b>	<b>-X.XXX</b>
<p>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</p>				

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

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

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

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

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

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

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

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

# Adults and Health Committee

## Responsibilities of the Committee:

Membership: 13 Councillors

### Functions

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

The Committee's responsibilities include:

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

Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorates of Adult Social Care Operations; Commissioning and Public Health including:

Public Health, lifelong learning, health improvement and intelligence, Adult Social Care and safeguarding, Adult Mental Health and Learning Disability, Adult Social Care operations, Care4CE and commissioning of support for adults.

*(Extract from Cheshire East Council Constitution – Dec 2021)*

## Executive Director Commentary:

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

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

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

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

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

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

The budget strategy contains several risks, including an assumption that the current level of grant will be available to fund the costs of supporting people from Afghanistan and Ukraine in 2023/24. It also assumes that the specific grant for Adult Social Care can be used to offset the growth and price pressures already being incurred rather than funding additional activity. It also assumes that growth in activity and prices have stabilised. A number of these proposals are subject to further formal public consultation.

The budget strategy for 2024 to 2027 is to deliver further cash savings and improve productivity to ensure a long-term sustainable service. It will build on the work of 2023/24, focusing on:

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

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

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

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

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

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

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

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

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

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

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

# Children and Families Committee

## Responsibilities of the Committee:

Membership: 13 Councillors

### Functions

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

The Committee's responsibilities include:

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

- Provision and commissioning of domestic violence support services and quality assurance.

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

*(Extract from Cheshire East Council Constitution - Dec 2021)*

## Executive Director Commentary:

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

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

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

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

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

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

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

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

Whilst in-year mitigations and activity to avoid spend and reduce costs are in place, the forecast for the end of year is a deficit

position. All indications are that demand, complexity and cost will continue to increase and therefore it is vital that the directorate and the service committee reviews its options to address the financial challenges for 2023/24 and beyond.

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

This includes:

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

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

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

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

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

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

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

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

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

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

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

# Corporate Policy Committee

## Responsibilities of the Committee:

Membership: 13 Councillors

### Functions

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

The Committee's responsibilities include:

- Formulation, co-ordination and implementation of the Corporate Plan.
- Corporate policies and strategies, alongside the medium-term financial plan (budget) which is the responsibility of the Finance Sub-Committee. In the discharge of those responsibilities the Committee shall determine such matters to the extent that they are not reserved to full Council.
- Human Resources, Organisational Development and Health and Safety matters affecting the Council; including adopting HR policies and practices and assurance in relation to staffing related matters.
- Making recommendations to full Council in relation to the annual Pay Policy Statement and any amendments to such statement.
- Making recommendations to full Council in relation to decisions affecting the remuneration of any new post where the remuneration is or is proposed to be or would become £100,000 p.a. or more.
- Making decisions in relation to proposed severance packages with a value of £95,000 or more as appropriate (excluding

contractual and holiday pay), subject to the need to obtain an approval from full Council and Central Government if required.

- Exercising the functions relating to local government pensions, so far as they relate to Regulations made under sections 7, 12, or 24 of the Superannuation Act 1972 or subsequent equivalent legal provisions.
- Determining key cross-cutting policies and key plans that impact on more than one service committee.
- Determining policy matters not otherwise allocated to any other Committee.
- Determining any matter of dispute or difference between any Committees.
- A co-ordinating role across all other committees and exercising a corporate view of outcomes, performance, budget monitoring and risk management.
- Determining any matter that has a major impact on a number of Council services or the Council as a whole.
- Oversight and monitoring of the Councillors' Allowances budget and keeping under review the scheme for the payment of allowances to Councillors through the appointment of an Independent Remuneration Panel (IRP) to advise full Council on the adoption and any proposed amendments to such scheme.
- Considering amendments to the Council's Constitution and the recommendation of any changes to full Council for approval except where specifically delegated to the Monitoring Officer.
- Considering recommendations and an Annual Report of the Council's involvement in ASDVs.
- Appointing representatives to serve on outside bodies and organisations (including education bodies and

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

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

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

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

*(Extract from Cheshire East Council Constitution - Dec 2021)*

## Executive Director Commentary:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Economy and Growth Committee

## Responsibilities of the Committee:

Membership: 13 Councillors

### Functions

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

The Committee's responsibilities include:

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

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

*(Extract from Cheshire East Council Constitution - Dec 2021)*

## Executive Director Commentary:

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

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

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

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

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

<b>Economy and Growth Committee Policy Proposals</b>	<b>2023/24 £m*</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
<p><b>[64] Assets - Buildings and Operational [NEW]</b></p> <p>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.</p> <p><i>(Note: this proposal does not reflect changes under proposal 68 which relates to office rationalisation)</i></p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>+2.480</b>	<b>+3.119</b>	<b>+0.423</b>	<b>+1.481</b>
<p><b>[65] Pay inflation [MTFS 22-26 [3&amp;4]]</b></p> <p>This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget.</p> <p><b><i>Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.</i></b></p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>+1.437</b>	<b>+0.486</b>	<b>+0.418</b>	<b>+0.428</b>
<p>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</p>				

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

<b>Economy and Growth Committee Policy Proposals</b>	<b>2023/24 £m*</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
<p><b>[69] Rural and Visitor Economy [NEW]</b></p> <p>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.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>+0.165</b>	<b>+0.045</b>	<b>-0.021</b>	
<p><b>[70] Cultural [NEW]</b></p> <p>Provision of costs to support cultural framework required for regeneration projects across the borough, and safeguarding museum collections.</p> <p><b>Post Consultation – Increase of £8,000 in 2025/26 to reflect a more accurate forecast.</b></p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>+0.072</b>	<b>+0.020</b>	<b>+0.089</b>	
<p><i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</i></p>				

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

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

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

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

# Environment and Communities Committee

## Responsibilities of the Committee:

Membership: 13 Councillors

### Functions

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

The Committee's responsibilities include:

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

health and welfare, food safety, licensing, pest control, contaminated land and air quality.

- Compulsory purchase of land to support the delivery of schemes and projects promoted by the Committee.

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

*(Extract from Cheshire East Council Constitution - Dec 2021)*

## Executive Director Commentary:

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

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

The initial part of the budget strategy for this area seeks to focus on containing prices and cost inflation as much as possible, through

amongst other things enhanced financial monitoring, robust procurement activities and alternative ways of working.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Highways and Transport Committee

## Responsibilities of the Committee:

Membership: 13 Councillors

### Functions

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

The Committee's responsibilities include:

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

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

*(Extract from Cheshire East Council Constitution - Dec 2021)*

## Executive Director Commentary:

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

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

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

To support the council's underlying financial pressures a number of cost saving proposals are being consulted upon, which enable the retention of core local services. In Highways this includes reducing the current energy costs from street lighting, whilst retaining a minimum provision, and increasing the extent of planned highway maintenance to provide greater value for money by a longer term, managed approach to works.

Parking generates income for the council and proposals reflect a requirement to recover the costs of parking services and could include piloting a scheme that with variable parking charges that reflect levels of demand by location and time of day.

The Council will be unable to meet inflationary price increases forecast for local bus services, as a direct response to the loss of Central Government grant. These savings are considered to be achievable but there are expected to be negative impacts on residents and service-users due to a reduction in the Cheshire East bus network.

**Proposals to vary the Budget in the Highways and Transport Budget are focused on these areas:**

Highways and Transport Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
<p><b>[102] Pay inflation [MTFS 22-26 [3&amp;4]]</b></p> <p>This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.5% for 2023/24. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2022/23 pay negotiations that also affect the 2023/24 budget.</p> <p><b><i>Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.</i></b></p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>+0.265</b>	<b>+0.177</b>	<b>+0.152</b>	<b>+0.156</b>
<p><b>[103] Local Bus [NEW]</b></p> <p>Forecast cost pressure on local bus services is approximately £3.5m, which was partially mitigated in 2022/23 from Council Reserves. This is unsustainable and the Council cannot afford to fund local bus services at this level. This initiative seeks savings in the level of supported local bus services that must mitigate the impact of inflation and is a direct response to the loss of Central Government grant. These efficiency savings are considered to be achievable but there are expected to be negative impacts on residents and service-users due to a reduction in the extent of revenue-supported services in the Cheshire East bus network.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>+0.080</b>	<b>+2.500</b>		
<p><i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</i></p>				

<b>Highways and Transport Committee</b> <b>Policy Proposals</b>	<b>2023/24</b> <b>£m*</b>	<b>2024/25</b> <b>£m</b>	<b>2025/26</b> <b>£m</b>	<b>2026/27</b> <b>£m</b>
<p><b>[104] Highways [NEW]</b></p> <p>Proposals to support the council’s financial pressures include additional highway’s income from licensing and permits, the reallocation of revenue to capital funding for road maintenance and a reduction in the maximum response times of the highways incident response teams, out of hours. There will be a decrease in the highway revenue budget for carriageway repairs, which will be managed alongside ongoing reviews and profiling of capital expenditure.</p> <p><b>Post Consultation – clarification is provided that the Council’s capital commitment to a Highways Maintenance Programme of £4m per annum has received inflationary increases to retain the level of services intended.</b></p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>-0.579</b>	<b>-0.031</b>		
<p><b>[105] Energy saving measures from streetlights [NEW]</b></p> <p>The Council provide 40,000 streetlights across the borough. Whilst there have been energy saving measures adopted in respect of retrofitting LEDs we will reduce our energy consumption further by reducing the number and timing of street lighting in the borough from September 2023. Options will be reviewed to consider priorities and safety aspects associated with turning off alternate lights or turning lights off in the early hours of the morning in some areas.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>-0.242</b>	<b>-0.243</b>		
<p><i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</i></p>				

Highways and Transport Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
<p><b>[106] Pension Costs Adjustment [NEW]</b></p> <p>This item relates to pension contributions funded by the Council. Contributions can be reduced now. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund.</p> <p><b>Post Consultation – reallocation of changes, with no overall financial impact, across Economy and Growth, Environment and Communities and Highways and Transport Committees to improve accuracy for 2023/24 budget.</b></p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>-0.172</b>	<b>-0.052</b>	<b>-0.055</b>	
<p><b>[107] Restructuring Potential [NEW]</b></p> <p>Vacancy management – slow down or don't fill posts across Place in non-statutory services / non-income generating posts. Reductions in staffing could result in statutory services responding more slowly where we can. Prioritise Economic Development and Regeneration resources. Restructure and alignment of service areas. Lead Local Flood Authority – maintain at statutory minimum. To note this is a cross cutting proposal across Place and therefore actual figures may change from one committee to another.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>-0.122</b>	<b>-0.132</b>		
<p>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</p>				

Highways and Transport Committee Policy Proposals	2023/24 £m*	2024/25 £m	2025/26 £m	2026/27 £m
<p><b>[108] Parking [NEW]</b></p> <p>The Council must meet unprecedented and complex challenges with increasing customer expectations to provide a modern, responsive and equitable parking service. The proposals for parking must align operational arrangements and tariffs with corporate priority outcomes for fairness and transparency, including supporting our Town Centres to recover after the pandemic. These proposals will include options for zonal parking charges. The implementation plan will include further consultation. Options are expected to align to an increase in income, or reduction in costs, over the next two years to maintain the ongoing sustainability of the service.</p> <p style="text-align: right;"><i>Impact on service budget =</i></p>	<b>-0.119</b>	<b>-0.725</b>		
<p><i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</i></p>				

# Finance Sub-Committee

## Responsibilities of the Committee:

Membership: 8 Councillors

### Functions

The Finance Sub-Committee will co-ordinate the management and oversight of the Council's finances, performance and corporate risk management arrangements. The Sub-Committee will make recommendations to the Corporate Policy Committee regarding the development of the Medium-Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.

The Sub-Committee's responsibilities include:

- Determination of finance issues, including but not limited to Treasury Management, Insurance, Procurement, debt write off, settlement payments and virements in line with the constitution.
- Establishment of a Procurement Forward Plan.
- Oversight of the Investment Strategy.
- Grant awards for sums in excess of £50,000.
- Property transactions including buying selling and appropriation of land and property (including compulsory purchase where required).
- Management of the Council's involvement in ASDVs and overseeing the production of an Annual Report on performance.
- Making decisions as Shareholder or owner, reviewing and approving Business plans, including risk registers and commissioning services.

Oversight, scrutiny and budgetary review of the following functions: Land and Property; Central Budgets; Pensions; Grants; Council Tax; Business Rates; Reserves; and Other Funding.

## Executive Director Commentary:

Central Budgets and general Council Funding are not specifically related to services that residents use but are important in resourcing the overall budget. The following proposals relate to Council borrowing, investments and forecast income from general grants and local taxation.

For more information on each item please see the following sections of the report:

- Capital Financing – Section 2: Financial Stability and Capital Strategy: Annex 10
- Pension Costs Adjustment – Section 2: Financial Stability (Other Economic Factors section)
- Bad Debt Provision – Section 2: Financial Stability (Other Economic Factors section)
- Capital Receipts Income – Section 2: Financial Stability and Capital Strategy: Annex 10
- Use of Earmarked Reserves – Reserves Strategy Annex 13
- Council Tax - Section 2: Financial Stability and Local Taxation (The Collection Fund): Annex 5
- Business Rates - Section 2: Financial Stability and Local Taxation (The Collection Fund): Annex 5
- Unring-fenced Grants - Section 2: Financial Stability and Revenue Grant Funding: Annex 7

*(Extract from Cheshire East Council Constitution – Dec 2021)*

**Proposals to vary the Budget in the Finance Sub-Committee are focused on these areas:**

<b>Finance Sub-Committee Policy Proposals (Central Budget items)</b>	<b>2023/24 £m*</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
<p><b>[109] Capital Financing - Minimum Revenue Provision</b></p> <p>The Council increases spending on Capital Financing to ensure the capital programme is affordable on an annual basis. Capital spending includes Highways and Regeneration projects across the borough. The annual increase reflects the size of the Council’s ambitious programme, as well as returns on investment income that can reduce the impact of increasing interest rates on borrowing.</p> <p style="text-align: right;"><i>Impact on central budget =</i></p>		<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
<p><b>[110] Pension Costs Adjustment</b></p> <p>This item relates to a change in the required employer’s contribution rate to the Cheshire Pension Fund. Following the most recent triennial revaluation of the Fund, the contribution rate reduced to 26.7% (from 33.9%) and initially this reduced cost was reflected centrally. This item removes the central ‘credit’ budget and is matched by corresponding reductions in service budgets (as shown in the ‘Pension cost adjustment’ items within the proposals for each Service Committee).</p> <p style="text-align: right;"><i>Impact on central budget =</i></p>	<b>5.350</b>			
<p><i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</i></p>				

<b>Finance Sub-Committee Policy Proposals (Central Budget items)</b>	<b>2023/24 £m*</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
<p><b>[111] Bad Debt Provision adjustment</b></p> <p>The Council collects approximately £90m of debt annually, related to a wide range of services. Bad debt relates to uncollectable income, such as debt with individuals or organisations that enter into administration. It is responsible to reflect the annual impact of bad debt within the Council’s revenue budget. The Council will continue to enforce debt payments in an appropriate way taking into account the circumstances of the debtor.</p> <p style="text-align: right;"><i>Impact on central budget =</i></p>	<b>-0.800</b>	<b>0.600</b>		
<p><b>[112] Capital Receipts Income</b></p> <p>Sale of Council assets usually provides a capital receipt. The Council is permitted to use such receipts to fund transformation costs or fund items within the Capital Programme. The 2023/24 to 2026/27 MTFS proposes the annual use of £1m to support transformation costs. This reflects the level of change required to ensure services remain sustainable and meet the needs of residents. Expectation of annual receipts at this level is reasonable based on recent trends of income from Right-to-Buy properties and Farm’s Estate sales.</p> <p style="text-align: right;"><i>Impact on central budget =</i></p>	<b>-1.000</b>			
<p><i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</i></p>				

Finance Sub-Committee				
Policy Proposals (Central Budget and Funding items)				
The Reserves Strategy ( <a href="#">Annex 13</a> ) identifies the approach to managing reserves over the medium-term, which also covers items 115-118 below				
	2023/24	2024/25	2025/26	2026/27
	£m*	£m	£m	£m
<p><b>[113] Use of Earmarked Reserves – MTFS reserve</b></p> <p>This reserve manages annual changes in the MTFS. It minimises short-term decision making. The negative figure in 2023/24 also reflects drawdown from the reserve related to overspending in 2022/23. Contributions to the reserve enable further drawdowns in 2026/27 to keep the overall MTFS balanced without further disruption to services.</p> <p><b><i>Post consultation - Variations reflect the approach to balancing the MTFS. Full details are included within the Reserves Strategy.</i></b></p> <p style="text-align: right;"><i>Impact on central budget =</i></p>	<b>-4.951</b>	<b>1.792</b>	<b>1.237</b>	<b>-3.527</b>
<p><b>[114] Use of Earmarked Reserves – Collection Fund reserve</b></p> <p>The Collection Fund records local taxation transactions in excess of £400m per year. This reserve manages in-year variations to avoid disruption to services.</p> <p style="text-align: right;"><i>Impact on central budget =</i></p>	<b>1.674</b>	<b>1.400</b>	<b>0.337</b>	<b>0.337</b>
<p><b>[115] Use of Earmarked Reserves – Capital Financing reserve</b></p> <p>This reserve manages in-year variations in revenue costs for capital programme.</p> <p style="text-align: right;"><i>Impact on central budget =</i></p>	<b>-1.700</b>		<b>-1.000</b>	<b>1.000</b>
<p>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</p>				

<b>Finance Sub-Committee</b> <b>Policy Proposals (Central Budget and Funding items)</b>	<b>2023/24</b> <b>£m*</b>	<b>2024/25</b> <b>£m</b>	<b>2025/26</b> <b>£m</b>	<b>2026/27</b> <b>£m</b>
<b>[116] Use of Earmarked Reserves – Transformation reserve</b> Contributions from this reserve will support Brighter Futures Activity. <b>Post consultation - Variations reflect the approach to balancing the MTFS.</b> <b>Full details are included within the Reserves Strategy.</b> <i>Impact on central budget =</i>	<b>-1.371</b>	<b>1.271</b>		
<b>[117] Council Tax - % increase</b> Council Tax currently provides 78% of the net funding for Council services and is paid by occupiers and owners of domestic property within the borough. The MTFS includes increases of 4.99% in 2023/24 and 2024/25, and 2.99% each year after that. <i>Impact on funding budget =</i>	<b>-12.709</b>	<b>-13.487</b>	<b>-8.567</b>	<b>-8.959</b>
<b>[118] Council Tax – Base increase</b> The Council Tax base is increasing each year due to ongoing housing development. The calculation of additional Council Tax from the growth in the tax base also reflects any changes in discounts, exemptions, premiums and Council Tax Support. The increase in housing numbers in the MTFS is currently forecast to be 2,400 in 2023/24, 2,200 in 2024/25, 2,000 in 2025/26 and 1,800 in 2026/27. <i>Impact on funding budget =</i>	<b>-3.707</b>	<b>-3.354</b>	<b>-3.144</b>	<b>-2.875</b>
<i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a>            Subsequent years are the incremental change from the previous year</i>				

<b>Finance Sub-Committee Policy Proposals (Central Budget and Funding items)</b>	<b>2023/24 £m*</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
<p><b>[119] Business Rates</b></p> <p>Business Rates currently provides 15% of the net funding for Council Services and is paid by owners and occupiers of non-domestic properties within the borough. Approximately 28% of business rates collected locally is retained for services after levy and tariff payments, with the remainder being retained by Central Government. Business growth in Cheshire East is positive, however the forecasts within the MTFs reflect limited increases in income from Business Rates as there is ongoing consultation about reform of this scheme.</p> <p style="text-align: right;"><i>Impact on funding budget =</i></p>	<b>-6.191</b>			
<p><b>[120] Unring-fenced Grants + Revenue Support Grant</b></p> <p>Grant income is set out in detail within <b>Annex 7</b>.</p> <p style="text-align: right;"><i>Impact on funding budget =</i></p>	<b>-2.789</b>	<b>-2.775</b>	<b>3.000</b>	
<p><i>*Values represent a +/- variation to the <a href="#">Cheshire East Council approved budget for 2022/23</a> Subsequent years are the incremental change from the previous year</i></p>				

# Section 2 - Financial Stability

## Introduction

1. Proposals to vary the Council's expenditure and income plans, are set out in **Section 1** of this report. The proposals highlight the significant variations required over the medium-term to help the Council provide appropriate support to local residents and businesses via sustainable services. To achieve a balanced financial position the Council reflects service ambitions, and any impact on Central budgets and matches this to the available resources from Council Tax, Business Rates, Grants and an appropriate use of reserves.
2. The 2023 to 2027 MTFS is Cheshire East Council's next four-year budget where a balanced position is presented across all financial years of the strategy. This is a significant undertaking, especially in the current economic climate of exceptionally high inflation, but maintaining this approach supports sound decision making.
3. In November 2022, the Chancellor announced the Autumn Statement that covered the next two years (2023/24 to 2024/25). Details of the funding allocations for each local authority were announced at the provisional settlement on 19 December 2022 but mainly focused on allocations for 2023/24.
4. The important role of local services was recognised in the Chancellor's Autumn Statement 2022, with increases in Council funding exceeding other parts of the public sector. Much of the increase was directed towards social care reflecting the key relationship with NHS services too. In real terms, the settlement will still leave many local authorities with a significant financial gap to close.

5. The national review of local authority funding, including the changes planned to the Business Rates Retention Scheme are being delayed further until possibly as late as 2026/27.

The key areas being covered in this section include:

	<b>Paragraphs</b>
Forecast Outturn 2022/23	6 to 12
Flexible Use of Capital Receipts 2022/23	13 to 20
Balance of National vs Local Funding	21 to 30
Government Grant Funding of Local Expenditure	31 to 78
Collecting Local Taxes for Local Expenditure	79 to 115
Charges to Local Service Users	116 to 119
Investment, Borrowing and the Capital Programme	120 to 137
Other Economic Factors	138 to 149
Managing the Reserves Position	150 to 152
Summary of Financial Stability	153 to 156
Forecasting the Medium-Term Budget 2023/24 to 2026/27	157 to 161

## Forecast Outturn 2022/23

**Table 1: Forecast Outturn 2022/23**

2022/23	Revised Budget	Forecast Outturn	Forecast Variance
(GROSS Revenue Budget £474.2m)	(NET)		
	£m	£m	£m
<b>SERVICE DIRECTORATES</b>			
Adult Social Care - Operations	117.5	126.1	8.6
Commissioning	3.6	3.9	0.3
Public Health	-	-	-
<b>Adults and Health Committee</b>	<b>121.1</b>	<b>130.0</b>	<b>8.9</b>
Directorate	1.0	0.6	(0.4)
Children's Social Care	47.0	49.5	2.5
Strong Start, Family Help and Integration	7.7	6.0	(1.7)
Education & 14-19 Skills	18.5	21.6	3.1
<b>Children and Families Committee</b>	<b>74.2</b>	<b>77.7</b>	<b>3.5</b>
Directorate	0.8	0.7	(0.1)
Growth & Enterprise	22.8	22.1	(0.7)
<b>Economy and Growth Committee</b>	<b>23.6</b>	<b>22.8</b>	<b>(0.8)</b>
Environment & Neighbourhood Services	44.4	47.3	2.9
<b>Environment and Communities Committee</b>	<b>44.4</b>	<b>47.3</b>	<b>2.9</b>
Highways & Infrastructure	13.8	13.6	(0.2)
<b>Highways and Transport Committee</b>	<b>13.8</b>	<b>13.6</b>	<b>(0.2)</b>
Directorate	1.4	1.3	(0.1)
Finance & Customer Services	12.5	13.1	0.6
Governance & Compliance Services	11.9	11.3	(0.6)
Communications	0.7	0.7	-
HR	2.4	2.2	(0.2)
ICT	9.8	10.5	0.7
Policy & Change	1.9	1.9	-
<b>Corporate Policy Committee</b>	<b>40.6</b>	<b>41.0</b>	<b>0.4</b>
<b>TOTAL SERVICES NET EXPENDITURE</b>	<b>317.7</b>	<b>332.4</b>	<b>14.7</b>
<b>CENTRAL BUDGETS</b>			
Capital Financing	19.0	19.0	-
Transfer to/(from) Earmarked Reserves	(3.2)	(9.2)	(6.0)
Corporate Contributions / Central Budgets	(5.2)	(6.2)	(1.0)
<b>Finance Sub-Committee - Central Budgets</b>	<b>10.6</b>	<b>3.6</b>	<b>(7.0)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>328.3</b>	<b>336.0</b>	<b>7.7</b>
Business Rates Retention Scheme	(49.1)	(49.1)	-
Specific Grants	(24.5)	(24.5)	-
Council Tax	(254.7)	(254.7)	-
<b>Finance Sub-Committee - Net Funding</b>	<b>(328.3)</b>	<b>(328.3)</b>	<b>-</b>
<b>NET (SURPLUS) / DEFICIT</b>	<b>-</b>	<b>7.7</b>	<b>7.7</b>

- In December a forecast outturn of £8.7m net overspend was reported at the Corporate Policy Committee (The full report can be found [Agenda for Corporate Policy Committee on Monday, 1 December, 2022, 10.00 am, Item 10 | Cheshire East Council](#)).
- The outturn position is now forecast to be an overspend of £7.7m due to the following changes:
  - Increased care commitments, within Adults, Health and Integration, are being offset by income, for example, from direct payment reimbursements and external grants. This results in no net change to the forecast.
  - The Children and Families Directorate forecast has improved by -£0.5m. Additional costs of home to school transport from increasing SEND demand, fuel costs and contract costs is being offset by charging additional amounts to transformation costs to capital receipts and additional underspending in Strong Start from holding vacancies. This forecast assumes that £1.6m of resettlement funding will be applied to costs incurred in 2022/23. Pressure remains on the DSG high needs block as a result of the growth in the number of pupils with an education, health and care plan. The Council holds an unusable reserve to manage DSG balances without impacting on the Council's General Reserves. The balance on the DSG reserve is forecast to be at least £45.6m deficit as at 31 March 2023.
  - Environment and Neighbourhood Services forecast pressures have changed by £1.2m. Environmental services operational costs of £1.3m are partially offset by lower premises costs, and vacancies within the Planning service which will not be filled before the year end.

- Growth and Enterprise forecast has improved by - £1.0m. Cost reduction in Estates of £0.3m due to deferral of some non-essential maintenance work. £0.5m due to release of reserve for the ELENA project and £0.2m grant received relating to Reopening High Streets Safely.
  - Highways and Infrastructure forecast has improved by - £0.7m. Continuing high levels of income is contributing a further £0.5m in 2022/23, costs of the Ringway Jacobs contract are predicted to be £0.2m lower than budget.
  - Increase in the forecast overspend within the Transactional Service Centre due to additional temporary staff in recruitment and pay, external consultants costs (Agylisis), and additional Governance and Support staff costs. Fall in the underspend being forecast by Customer Services due to test and trace final grant income no longer being received, and back pay costs for staff regrades in the newly formed Continuous Improvements team (£0.4m).
  - Confirmation of new burdens funding within the Elections Service and lower than previously forecast electoral registrations costs (-£0.2m).
  - Improvement within ICT due to the use of capital reserve for laptop replacement and an improved revenue contracts forecast decreasing the ICT Strategy overspend (-£0.2m).
  - No change in forecast for Central Budgets.
8. The 2022/23 Medium-Term Financial Strategy stated that short term variations in annual budgets are capable of being managed through the MTFE Earmarked Reserve. This approach protects such variations from having immediate negative impacts on services to residents.
9. The MTFE Earmarked Reserve is therefore forecast to be required to mitigate financial pressures in 2022/23. The Finance Sub-Committee received forecasts related to the MTFE reserve at its meeting of 7 September, which highlighted a potential balance of up to £5.5m could be available for this period. This balance would relieve the impact on General Reserves.
10. It is planned that £5.2m will be used from the MTFE reserve to mitigate the overspend. The residual impact on General Reserves would be a reduction of £2.5m, decreasing the forecast closing balance of £14.9m to a potential closing balance of £12.4m, which is aligned to the risk assessed level of reserves for the 2023/24 Budget.
11. This forecast may be subject to variation in the final quarter, as budget managers will continue to take robust actions to control costs and reduce non-essential expenditure to improve this position further.
12. Individual pressures identified above are reflected in the MTFE for 2023/24 to 2026/27. Any betterment to the forecast outturn position should be utilised to replenish reserves in line with the priority of the Corporate Plan.

## Flexible Use of Capital Receipts 2022/23

13. The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

14. The Spending Review in 2015 included a relaxation to the capital regulations by allowing Council's to use their capital receipts (income from the sale of assets) for a limited period initially from 2016/17 to 2018/19 to fund revenue expenditure that is designed to transform service delivery and reduce revenue costs. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations apply have now been extended to the financial year 2024/25.
15. The guidance states that qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. The local authority must decide for itself whether or not a project qualifies for the flexibility.
16. Local authorities cannot borrow to finance the revenue costs of the service reforms.
17. The type of expenditure that will be allowed under the flexibility are the up-front set up and implementation costs that will generate the future ongoing revenue savings and/or service transformation to reduce revenue costs and improve service delivery.
18. In allowing the Council to use this flexibility, the Council must have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of practice.
  - There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects shown in the government guidance include:
    - Sharing back-office and administrative services with one or more other council or public sector bodies;
    - Investment in service reform feasibility work, e.g. setting up pilot schemes;
    - Collaboration between local authorities and Central Government departments to free up land for economic use;
    - Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation;
    - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
    - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
    - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
    - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
    - Integrating public facing services across two or more public sector bodies (for example children's social care or trading standards) to generate savings or to transform service delivery.

19. The Council has a number of projects that have been identified in 2022/23 that fit the criteria prescribed in the Guidance for transforming and or improving service delivery that will reduce revenue costs by producing efficiency savings for the Council. The table below details the lists of projects and the value of capital receipt to be utilised.

**Table 2: List of projects funded by flexible capital receipts**

Project Name	Project Description and Progress	Expenditure	
		2021/22 £000s	2022/23 £000s
ERP Implementation	Implementation of the HT and pay modules of the new ERP system.	2,575	17
Planning Review	Improve the Planning Application processes with better lead times and to ensure that the service is adequately staffed where support, training and development opportunities are provided too.	0	263
Highways Improvements	The project is aimed at making efficiency savings within the CEC highway service provider Ringway Jacobs' current processes and ways of working.	0	72
DSG Management Plan	Develop a DSG Management Plan to help the Council tackle the issue of the ongoing DSG Deficit that is currently being held in a unusable reserve.	0	200
Delivering Better Value	The Council has joined the Department of Education's (DfE) Delivering Better Value programme and this project is	0	388

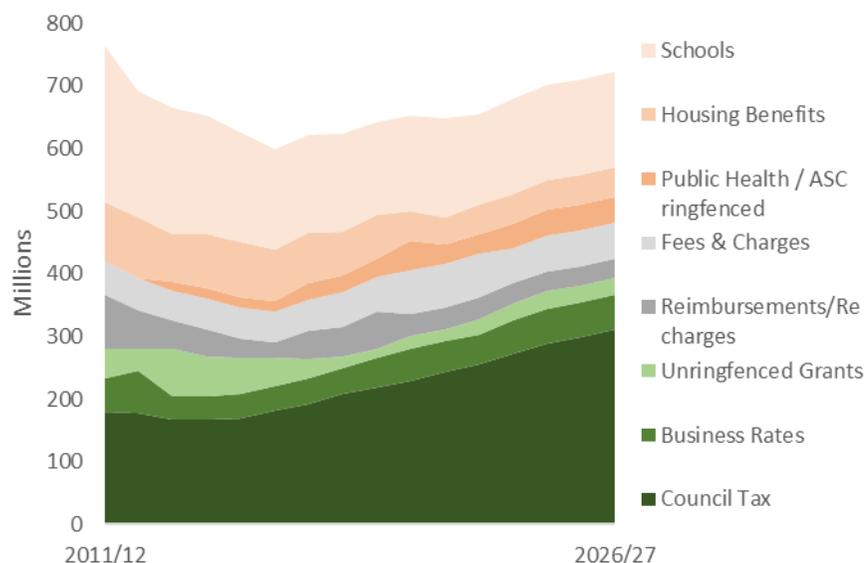
Project Name	Project Description and Progress	Expenditure	
		2021/22 £000s	2022/23 £000s
	aimed at bidding for DfE funding.		
School Transport	Review of the home to school / home to school SEN transport in light of increasing costs and SEND demand. This follows the service being brought back in house from 1/4/22.	0	230
Children & Families Service Transformation	Review of the Children and Families service - restructuring services and implementing new processes to improve service delivery in part as a response from Ofsted Inspections.	0	740
Schools Service Transformation	Key projects re responding to legislation and consultations e.g. LA initiated MATs.	0	46
<b>Total</b>		<b>2,575</b>	<b>1,956</b>

20. As it is the Council's policy not to rely on capital receipts until they are realised, these capital receipts have not been factored into the Councils Capital Financing Requirement (CFR) by way of reducing debt or financing capital expenditure. Consequently, the use of the receipts under this flexibility will have no effect on the Council's Prudential Indicators.

## Balance of National vs Local Funding

21. Cheshire East Council continues to rely heavily on local funding to fund services as opposed to Central Government grant. Funding for Council services from Council Tax and Business Rates continues to be c.92% of the total net funding into 2023/24. Net funding excludes ring-fenced grants for Schools, Public Health and Housing Benefits for example.
22. The Government Autumn Statement 2022 provided additional funding to Local Government, but deferred changes to the funding models currently in use. Local Government Resource Departmental Expenditure Limits to increase by 33% from 2022/23 to 2023/24.
23. Key measures for Local Government from the announcements include:
  - a. Increasing the Council Tax referendum threshold by 2.99% in “core” Council Tax, plus an option to increase this by 2% as an Adult Social Care precept.
  - b. There will be no cuts to the allocations announced in the Spending Review 2021. Growth in spending from 2025/26 will increase at a lower rate.
  - c. £1.3 billion in 2023/24 and £1.9 billion in 2024/25 will be distributed to councils through the Social Care Grant for adult and children’s social care (from the delayed social care charging reforms).
  - d. £600 million will be distributed in 2023/24 and £1 billion in 2024/25 through the Better Care Fund to get people out of hospital on time into a care setting, freeing up NHS beds for those that need them.
  - e. £400 million in 2023/24 and £683 million in 2024/25 is distributed through a new Adult Social Care grant.
  - f. The Business Rates multiplier will be frozen in 2023/24. Local authorities “will be fully compensated for the loss of income as a result of these business rates measures”.
24. These were confirmed as part of the Provisional Local Government Finance Settlement which was announced on 19 December 2022. Detailed grant allocations for each local authority (for 2023/24 only) were announced at this time.
25. Most social care grants have continued for a further year and increased for 2023/24. Independent Living Fund is now included within Social Care Support Grant. There is also a further year of the New Homes Bonus. Full details are set out in this section and in **Annex 7**.
26. **Chart 1** illustrates how the balance between funding sources continues the trend of placing increasing emphasis on support from local funding sources over time.
27. The 2023/24 Budget Report is based on the Provisional Finance Settlement released on 19 December 2022. The final settlement is expected in early 2023 with a debate in the House of Commons shortly after. Further information will be reported to Members as soon as practical and may require management through the MTFE Earmarked Reserve.

**Chart 1: Council Tax continues to fund a larger proportion of overall Council Spending**



Source: Cheshire East Finance

28. **Table 3** sets out the revised funding forecast for Cheshire East Council for the period 2022/23 to 2026/27. This shows how local funding sources are being increased to fund growth in service budgets, and how Government grants are contributing in monetary terms.

**Table 3: Funding for services relies more on Council Tax increases than other funding sources**

	2022/23	2023/24	2026/27 estimated	4 yr Change	4 yr Change %
	£m	£m	£m	£m	%
Council Tax	-254.7	-271.1	-311.5	+56.8	<b>22%</b>
Government Grants (inc RSG)	-23.9	-26.8	-26.5	+2.6	<b>11%</b>
Business Rates Retention	-49.1	-55.3	-55.3	+6.2	<b>13%</b>
<b>Funding Required for Services</b>	<b>-327.7</b>	<b>-353.1</b>	<b>-393.3</b>	<b>+65.6</b>	<b>20%</b>

Sources:  
Cheshire East Council  
Department for Levelling Up, Housing and Communities  
Note - Figure may not add down due to roundings

29. Central Government’s management of the Business Rates Retention Scheme and control over Council Tax levels continue to influence Councils’ spending plans.
30. In Cheshire East, the Council is meeting this challenge in several ways and focusing on longer term financial stability through the following actions:
  - **Growing the domestic taxbase** - Each new home brings additional Council Tax revenue, New Homes Bonus (up to 2023/24) and, since 1 March 2019, a community infrastructure levy where relevant. However, homes also bring additional costs, such as education, waste collection and highways. The Council ensures that subsidy from its general funding sources is carefully examined to achieve maximum value to keep Council Tax increases for residents in-line with government thresholds or below.
  - **Promoting Economic Growth** - business growth could result in additional income being retained for local

investment, subject to certain thresholds. Therefore, the Council continues to invest in supporting economic growth and infrastructure projects that will unlock development land and support inward investment.

- **Increasing employment opportunities** - economic growth results in fewer people relying on welfare benefits from the Council which releases funding for further investment or for direct provision of front-line services.
- **Maintaining strong collection rates and challenge of taxbases** - to ensure fairness to all involved and ensure the Council maximises local income for local use. This includes an appropriate Council Tax Support Scheme to support households with low incomes.

## Government Grant Funding of Local Expenditure

31. The detailed funding settlement from Government impacts on longer term financial planning. Key dates for 2023/24 include:
- The Autumn Statement of 17 November 2022.
  - The release of the Provisional Settlement on 19 December 2022 confirming the allocation of grants, approach to Council Tax and confirmation of business rates baselines.
  - Final Settlement announced early February 2023.

These have set out changes to:

- General funding levels – confirming Social Care grants from 2022/23 levels, and one more year of NHB funding.
- Additional funding announcements, payable to local authorities, for the following areas:
  - Social care and support

- Disabled Facilities Grant
- Highways
- Strategic Housing Deals

32. The Government Grants provided to local authorities can be categorised under several main headings for 2023/24:
- Revenue Support Grant (£388,000 – including items rolled in: Family Annex Council Tax Discount Grant and Local Council Tax Support Administration Subsidy).
  - Specific Grants (unring-fenced revenue) (£26.4m)
  - Specific Grants (ring-fenced revenue) (£274.4m)
  - Capital Grants (main programme) (£89.8m)

More detail is provided on each of these elements below.

### Revenue Support Grant (RSG)

33. The Council will receive £388,000 in Revenue Support Grant in 2023/24 which is almost wholly as a result of current grant items being rolled in (Family Annex Council Tax Discount Grant and Local Council Tax Support Administration Subsidy).

### Unring-fenced Specific Grants

34. Separate unring-fenced Specific Grants have been largely retained, or increased, and total £26.4m in 2023/24, and are estimated to be £26.1m by 2026/27. The detail is shown in **Annex 7** and summarised in **Table 4**. Table 4 shows the original budget for 2022/23 and **Annex 7** shows the in-year position including grant received after the budget was set.
35. The list of Specific Grants mainly relates to funding for the New Homes Bonus (NHB) and Social Care Grants. They

equate to 88% of the total unring-fenced specific grants in 2023/24.

36. The Autumn Statement (November 2022) and Provisional Local Government Finance Settlement (December 2022), included unring-fenced funding for 2023/24 of £19.4m for Cheshire East social care. This includes continuation of the Social Care Support grant (£11.3m) and a further allocation of £7.2m which is the Authority's share of the announced new monies. The Independent Living Fund grant of £0.9m has now also been rolled into this total Social Care Grant allocation.
37. Services Grant for 2023/24 is £1.7m. It has reduced partly due to removal of the National Insurance increase (1.25%) that has now been reversed and therefore no longer required.
38. Lower Tier Service Grant (£0.4m in 2022/23) has ceased. Funding has been recycled into a 3% Core Spending Power Funding Guarantee. Cheshire East do not qualify for this grant.
39. Full details are set out in **Appendix 7**.

**Table 4: Specific grant levels are increasing over time**

	2022/23	2023/24	2026/27 estimated	4 yr Change	4 yr Change %
	£m	£m	£m	£m	%
Revenue Support Grant	-	-0.4	-0.4	-0.4	
New Homes Bonus	-6.6	-3.8	-	+6.6	
Social Care Grants (now including Independent Living Fund – restated for 2022/23)	-12.2	-19.4	-23.0	-10.8	
Other Grants	-5.1	-3.2	-3.1	+2.0	
<b>Total Specific Grants</b>	<b>-23.9</b>	<b>-26.8</b>	<b>-26.5</b>	<b>-2.6</b>	<b>11%</b>

Sources:  
Cheshire East Council  
Department for Levelling Up, Housing and Communities

40. The 2023/24 allocation of NHB is again to be paid for one year only (£3.8m) which extends the 2020/21, 2021/22 and 2022/23 single year allocations. Legacy payments have now been phased out.

## Ring-fenced Specific Grants

### Dedicated Schools Grant (DSG)

41. The Government announced the revised allocations of DSG for 2023/24 on 16 December 2022. DSG is a ring-fenced grant provided to the Council to meet certain educational costs.
42. Under the national funding formula (NFF) arrangements DSG is allocated in four funding blocks, namely the Schools Block,

Early Years Block, High Needs Block and Central Schools Services Block.

43. The Schools Block allocation to the Council is based on the schools' block NFF. This takes October 2022 pupil data and provides a basic per pupil amount plus additional funding for issues such as deprivation and low attainment. The NFF also applies a minimum per pupil level of funding of £4,405 Primary and £5,715 Secondary in 2023/24. Those values must be used in local formula.
44. Local authorities can provide funding to schools through a local formula for 2023/24. The Schools Forum have agreed that a local formula using the NFF values, allocating any additional funding via the basic entitlement and applying a minimum funding guarantee of +0.5% should be submitted for consideration at the 13 February 2023 Children and Families Committee.
45. For 2023/24 the Schools Forum has not agreed to a transfer of 0.5% from the Schools Block to High Needs. Given the financial challenges facing schools, the Council has not applied to the DfE to reverse that decision.
46. Subject to Children's and Families Committee approval that formula will be used to allocate funding to schools for 2023/24. The per pupil figures in **Table 5** assume that the formula is approved.
47. For 2022/23 the DfE issued a supplementary grant for schools of £7.4m for Cheshire East. This was allocated to each school on a simpler basis than the funding formula.
48. That approach has been retained for 2023/24 with the release of the Mainstream Schools Additional Grant. This is estimated

to be £9.1m with final school level figures confirmed in the new financial year.

49. The Early Years Block mainly comprises:
- Funding for the universal 15 hour entitlement for all three- and four-year-olds.
  - Funding for the additional 15 hours for three- and four-year-old children of eligible working parents.
  - Funding for two-year-olds.
  - Funding for the Early Years pupil premium plus a few other areas.
50. The High Needs Block is a single block for local authorities' high needs pupils / students aged 0-24. The block includes place funding for pre-16 and post-16 places in appropriate establishments such as mainstream schools, special schools, and the pupil referral unit. The block includes top-up funding for pupils and students occupying places in such settings.
51. The high needs block is calculated through the high needs NFF. This is made up of a range of factors and weightings including:
- A basic entitlement.
  - An historic spend factor.
  - A population factor.
  - Measures relating to low attainment and deprivation.
  - A funding floor.
  - An area cost adjustment.
52. A high needs supplementary grant was released for 2022/23 and that has also been repeated for 2023/24 with an additional payment of £2.3m expected.
53. The Central Schools Services Block is based on a NFF that includes:
- Historic commitments.
  - Ongoing responsibilities.
  - An area cost adjustment.
54. The historic commitments element of the central block has been subject to a further 20% reduction by the DfE for 2023/24. The council has approved a growth bid to replace the lost funding where those services cannot be reduced in line with the DfE's reduction. The main issue within the historic commitments is prudential borrowing costs.
55. **Table 5** shows the DSG received for 2022/23, the indicative DSG for 2023/24, and per pupil funding levels. (This excludes the adjustment for Academy recoupment).
56. All the schools block funding is passported directly through to schools.

**Table 5: The largest increase in Dedicated Schools Grant is in the High Needs Block**

Dedicated Schools Grant is allocated in four notional blocks in 2023/24	Actual 2022/23 £m	Provisional 2023/24 £m	Change £m	Change %
Total Dedicated Schools Grant	<b>331.9</b>	354.5	22.6	<b>6.8</b>
Comprising:				
Schools Block	254.7	270.5	15.8	<b>6.2</b>
Central School Services Block	2.6	2.4	-0.2	<b>-7.7</b>
Early Years Block	23.9	25.2	1.3	<b>5.4</b>
High Needs Block	50.7	56.4	5.7	<b>11.2</b>
Per Pupil Funding	£ / pupil 2022/23	£ / pupil 2023/24		
Dedicated Schools Grant:				
Schools Block				
Primary	4,540	4,769		
Secondary	5,779	6,005		
Central Schools Block (ongoing responsibilities)	51.07	44.92		
Early Years Block 3 and 4 hourly rate	4.61	4.87		
2-Year-old hourly rate	5.65	5.71		

**Notes**

- These figures are before the academy recoupment and before any High Needs deductions.
- Figures are prior to de-delegation and assumes Growth Funding is removed.
- The calculation of the primary and secondary split for 2023/24 uses census data at this stage rather than the DfE model which was not available at the time of writing.
- The above figures include the high needs supplement but exclude the school's supplement.

Sources:  
Cheshire East Council  
DfE

## Dedicated Schools Grant (DSG) ~ Academy Funding

57. The Department for Education are clear that becoming an academy should not bring about a financial advantage or disadvantage to a school but rather, enable academies to have greater freedom over how they use their budgets.
58. The Schools Block funding receivable for the 91 academies which opened before or during 2023/24 has not been removed from the total DSG award to be received (as reflected in **Table 5**). The funding for these academies of approximately £181m (based on 2022/23 funding) will be deducted from the Authority's DSG as part of the academy recoupment process (see **Annex 7**).

## Sixth Form Funding

59. Total sixth form funding of £2.7m is receivable for maintained schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known). In 2022/23 a balance of £68.5m was allocated directly to academies by the Education and Skills Funding Agency. The allocation for 2023/24 is not yet known.

## Pupil Premium Grant

60. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2023/24 are £1,385 for primary aged pupils and £985 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £2,410 and children whose parents are in the armed forces will attract £320 per annum for 2023/24. It is estimated that Cheshire East Council will receive £4.5m in relation to the Pupil Premium for 2023/24.

### Physical Education Grant

61. The Council expects to receive £1m for 2023/24. This is an estimate after any reduction for academies.

### Universal Infant Free School Meals (UIFSM)

62. The Council expects to receive £1.7m for 2023/24. This is an estimate for maintained schools. The figure is normally based on a set amount per eligible pupil. The grant is paid directly to local authorities or academies. The Council will comply with the requirement to pass on the grant to maintained schools in full.

### School Improvement Monitoring and Brokering Grant

63. This is a grant for local authorities to continue to monitor and broker school improvement provision for low-performing maintained schools and intervene in certain cases. The Council has received funding up to March 2021.

### Milk Subsidy Grant

64. This grant has not yet been confirmed for 2023/24, however based on previous allocations, the current grants register assumes £10,000 will be received in 2023/24.

### DSG Reserve Forecasts

65. The Council holds a reserve to manage DSG balances without impacting on the Council's General Reserves. The pressure from high needs as a result of the growth in the number of pupils with an Early Health Care Plan (EHCP) had been reducing the reserve balance and in 2019/20 the reserve moved into a deficit position.

66. This is a national issue and local authorities are allowed to hold a negative reserve based on a temporary accounting override of accounting treatment approved by DLUHC which means they can be treated as unusable reserves.
67. In December 2022 the override was confirmed for a further three years through to March 2026. The removal of this override would present a significant risk to the financial sustainability of councils and the scale of the deficit already presents a cashflow issue before that point.
68. Further work will be done to look more closely at the cashflow issue in the new financial year and Members will be briefed accordingly.
69. These pressures have continued and are forecast to extend the overall deficit in each financial year. Current forecasts suggest the reserve will continue to be in an increasing deficit in the medium-term. Plans are being taken forward to reduce the spend pressures, but funding does not reflect forecast activity. It is not clear when, or even if, the reserve can be returned to surplus.
70. The Council's DSG Management Plan which sets out the forecasts of spend and deficit over the medium-term was approved by Children and Families Committee on 23 September 2022. The Plan has been reviewed as part of the Council's role in the government led Delivering Better Value Programme and has been assessed as an accurate reflection on the Council's position. Work is ongoing to attempt to review the wider approach to EHCPs and the associated funding requirements.

71. **Table 6** summarises the reserve position for 2022/23. This position is unaffordable and unsustainable. The Council is not in a position to budget for removal of the accounting override which could require the deficit being met from other general funds or useable reserves. This risk will therefore continue to be a feature of ongoing liaison with the Department for Education and the Department for Levelling Up, Housing and Communities.

**Table 6: Dedicated Schools Grant Reserve is negative**

Table 6	2022/23 £m
Brought Forward Position	-25.7
Forecast Overspend for High Needs	-19.9
<b>Predicted Carry Forward</b>	<b>-45.6</b>

Source:  
Cheshire East Council

## Public Health Grant

72. Public Health responsibilities cover a wide range of services including sexual health services; children's 0-19 services; NHS health check programmes; substance misuse services, infection control and One You services.
73. Public Health grant has been ring-fenced from 2013 and will continue to be so during 2023/24 to ensure expenditure is incurred in line with the public health framework.
74. Estimated allocations for 2023/24 set the grant at £17.4m. Confirmation of the final allocations has not been received.

## COVID-19 Grants

75. The Contain Outbreak Management Fund (COMF) was originally announced in June 2020, and Cheshire East has been allocated £12.7m since the start of the pandemic.
76. The criteria for distribution and spending have adapted to allow English LAs to tailor their coronavirus responses to suit the needs of their communities, and to allow balances at the end of 2021/22 to be carried forward into 2022/23.
77. There was a remaining COMF balance at the end of 2021/22 of £5.3m, this was carried forward into 2022/23 in order to continue to deliver services which meet the grant criteria and support the Council's COVID-19 response.
78. It is anticipated that the COMF funding will be fully utilised by the end of 2022/23.

## Collecting Local Taxes for Local Expenditure

### Business Rate Retention Scheme (BRRS)

79. Locally collected non-domestic taxes, that are directly retained by the Council, will provide approximately 15% of the Council's net funding in 2023/24. The Council anticipated collection of approximately £143m (before accounting adjustments) in business rates in 2022/23, is based on the Council's NNDR1 return to Central Government on 31 January 2022.
80. The projected total deficit at the end of 2022/23 on the Business Rates collection fund, is **c.7.5m**. It includes the prior year spreading of the 2020/21 deficit over the period 2021/22 to 2023/24. The final third of the deficit (£2.8m) is repayable in 2023/24 along with the deficit as a result of the 2022/23 performance. More information is included in **Annex 5**.
81. Under the BRRS arrangements 50% of the net rates collected is paid to Government with 49% being retained specifically to support Cheshire East Council services. 1% is paid to the Fire Authority. In addition to this reduction a tariff of £24.7m must be paid to Government which is used to top-up funding allocations to other local authorities.
82. From 2021/22, growth forecasts in business rates have been paused due to the overall reduction in the taxbase and uncertainty around growth in future years, in part, due to the ongoing pandemic and economic situation.
83. For 2023/24 the government has announced that the multiplier usually used to increase business rate bills by

inflation are to be frozen at 2022/23 levels. This will result in a compensation payment to Local Government for the losses between what the multiplier was capped at compared to September 2022 inflation of 10.1%. Part of this additional cap compensation is being used to support the revenue budget for 2023/24 (£4.6m) taking the business rates budget to £55.3m for 2023/24. **Annex 5** sets out the position in further detail.

84. Since the baseline funding level for business rates retention was set back in 2013/14, there have been many policy changes around reliefs for different business types. With each policy change, all local authorities are compensated for their share of business rates foregone. In 2023/24 £6.6m of this compensation has been included within the business rates budget with the remaining compensation being credited to the Collection Fund Earmarked Reserve to continue to support any future risks around business rate funding.

**Table 7: Funding from Business Rates is increasing over time**

	2022/23 £m	2023/24 £m	2026/27 estimated £m	4yr Change £m	4 yr Change %
Business Rates Retention Scheme – Baseline Funding	-42.5	-44.1	-44.1		
S31 compensation grants	-6.6	-6.6	-6.6		
S31 multiplier cap compensation	-	-4.6	-4.6		
<b>Business Rates Retention Scheme – Total Funding</b>	<b>-49.1</b>	<b>-55.3</b>	<b>-55.3</b>	<b>-6.2</b>	<b>13%</b>

Sources:  
Cheshire East Council

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

### Council Tax

86. Locally collected domestic taxes that are directly retained by the Council will provide 77% of the Council's net funding in 2023/24. The Council takes a careful approach to managing the domestic taxbase to reflect local growth ambitions and support sustainable services in the medium-term.
87. The Provisional Finance Settlement confirmed the referendum limit on base increases is 2.99%, with a further 2% flexibility for an Adult Social Care precept. It is proposed that Council Tax is increased by 4.99% (including 2% ring-fenced for Adult Social Care pressures) for 2023/24 to give a Band D charge of £1,707.39 for 2023/24.
88. Band D Council Tax for 2023/24 is shown in **Table 8**. The proposed increases over the medium-term are currently 4.99% in 2024/25 and then 2.99% each year after that.

**Table 8: Band D Council Tax is calculated after grant and business rate allocations**

	2023/24 £m	2023/24 £m
Total Net Revenue Budget 2023/24		353.1
Less:		
Business Rates Retention Scheme	15.7% <sup>1</sup>	-55.3
Specific Unring-fenced Grants	7.5% <sup>1</sup>	-26.4
Revenue Support Grant	0.0% <sup>1</sup>	-0.4
<b>Amount to be raised from Council Tax</b>	<b>76.6% <sup>1</sup></b>	<b>271.1</b>
No. of Band D Equivalent Properties		<b>158,778.54</b>
<b>Band D Council Tax</b>		<b>£1,707.39</b>

Sources:

Cheshire East Council

<sup>1</sup> Percentage of Cheshire East Net Budget

89. The impact on each Council Tax band and the number of dwellings in each band is shown in **Table 9**.

**Table 9: Impact of Council Tax on each Band**

Band	A	B	C	D
Council Tax £	1,138.26	1,327.97	1,1517.68	1,707.39
No of Dwellings	31,278	38,216	36,406	27,496
Band	E	F	G	H
Council Tax £	2,086.81	2,466.23	2,845.65	3,414.78
No of Dwellings	22,354	14,942	12,836	1,944

Source:

Cheshire East Council

## Council Taxbase

90. The Council Taxbase quantifies the number of properties from which the Council can collect Council Tax. The taxbase is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a Band D). The level of Council Tax multiplied by the taxbase equals the expected income.
91. The gross taxbase for 2023/24 (before making an allowance for non-collection) is calculated as 160,382.37. After taking into account current high collection rates, the non-collection rate has been maintained at 1.00% for 2023/24. This results in a final taxbase of **158,778.54** Band D equivalent domestic properties.
92. The taxbase for 2023/24 reflects an increase of 1.4% on the 2022/23 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of continuing higher levels of Council Tax support due to the ongoing economic situation. The Council Taxbase was approved by [Council on 14 December 2022](#).
93. Cheshire East has a relatively high Council Taxbase compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16.0% in Cheshire East compared to the England average of 9.3%).
94. The taxbase has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions will continue to be allowed, for landlords, under Section 13A of the Local

Government Finance Act 1992. The period eligible for exemption is being maintained at four weeks.

95. In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for two years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.
96. Additional flexibilities were introduced in subsequent Government budgets and Cheshire East now charges the following premiums for empty properties:

Time empty/unfurnished	Premium
2 to 5 years	100%
5 to 10 years	200%
Over 10 years	300%

97. The Government has previously introduced legislation allowing Billing Authorities flexibility to amend the Council Tax discounts available for second homes and to introduce Council Tax premiums for long-term empty property. Cheshire East has used this flexibility to withdraw discounts for second homes and to levy premiums in accordance with legislation as it became available, to encourage an increase in homes being brought back into use. The policy has successfully led to a reduction in empty homes.
98. The Government is currently bringing forward the Levelling-up and Regeneration Bill which will give Billing Authorities further flexibility to charge a Council Tax premium of up to 100% on second homes and to bring forward the time period under which a premium can be charged on long-term empty property from two years to one year. This may affect approximately 1,900 properties in Cheshire East. Implementation is expected to be

effective from 1 April 2024 and would require a Resolution to be made prior to 1 April 2023.

### The impact of the Council Tax Support Scheme (CTS)

99. From 1 April 2013 the Council Tax benefit system was replaced by a local Council Tax support scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants remain unaffected by this change.
100. The taxbase also reflects assumptions around CTS payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and was amended again for 2022/23 to make the scheme more supportive in the light of funding being provided by Central Government (£3.3m) to be able to assist the pandemic recovery.
101. Local Council Tax Support grant was received in 2020/21 and was transferred to the Collection Fund Earmarked reserve. The funding is used over the medium-term to support the revenue budget to compensate for suppressed Council Tax levels as a result of higher Council Tax Support payments.
102. No changes are proposed to the Council Tax Support Scheme for 2023/24 other than to increase the income bands and non-dependant deductions in line with CPI.
103. The budget for CTS for 2023/24, included within the taxbase calculation, is £18.9m. This will be reviewed in future years to ensure the budget remains aligned with changing need.

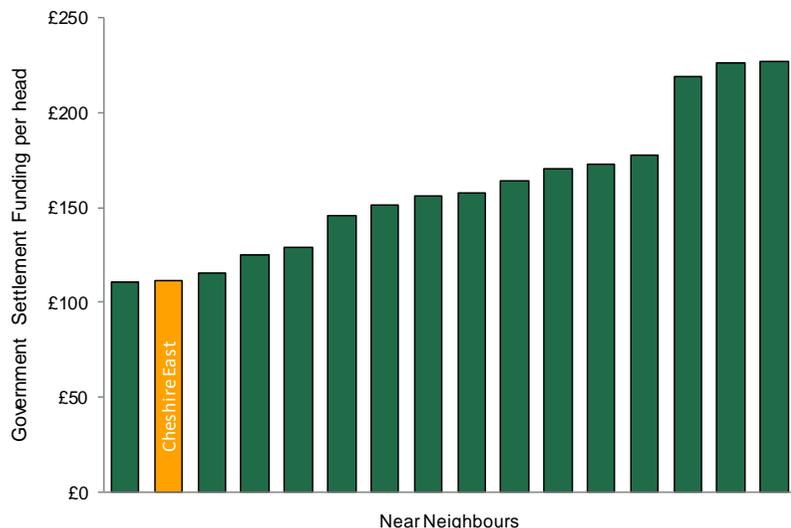
### Collection Fund

104. Receipts from Council Taxpayers and businesses are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, Central Government and local Town and Parish Councils).
105. A predicted surplus in the Collection Fund can be drawn down to support revenue funding for the following annual budget, and vice versa in the case of a deficit. This can happen if actual changes in the taxbase vary from the predicted changes, or if collection rates vary from the original forecasts.
106. The Council Tax collection fund has been forecast to be a £0.153m cumulative deficit as at 31 March 2023. Government regulations during 2020/21 allowed the 2020/21 deficit to be spread evenly over a three-year period 2021/22 to 2023/24. The final third of that deficit will be repayable in 2023/24 along with the 2022/23 in-year surplus. This results in a **£0.130m** net deficit (Cheshire East share) to be repaid in 2023/24 and will be managed through the Collection Fund earmarked reserve.
107. For a detailed breakdown of the Collection Fund position for both Council Tax and Business Rates see **Annex 5**.

### Funding Comparisons to similar Councils

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

**Chart 2: Cheshire East Council receives low levels of Government Settlement Funding per head compared to its Near Neighbours**



Sources:  
 Cheshire East Council  
 ONS: Mid-Year Population Estimates, UK, June 2020  
 Department for Levelling Up, Housing and Communities (Core Spending Power 2023/24)

### What is the Council doing about it?

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

#### Responding to Key Consultations

110. 2022/23 has seen several consultations affecting Local Government. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers, Society of Unitary Treasurers, and the Local

Government Association (Cheshire East Council is a member of all three) and therefore, in some cases, relied on their collective responses to make any relevant comments.

111. The consultations that have taken place so far in 2022/23 are as follows:

- Council Tax and Business Rates
  - Business Rates Review: Technical Consultation (closed February 2022)
  - Business Rates Revaluation 2023: Consultation on the Transitional Arrangements (closed July 2022)
- Accounting and Audit
  - Emergency Proposals for the Update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (closed March 2022)
  - Amendments to the Accounts and Audit Regulations 2015 (closed May 2022)
  - Draft CIPFA Bulletin 12 – Accounting for Infrastructure Assets (closed June 2022)
  - IFRS 9 (closed October 2022)
  - The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022: Call for Evidence (closed November 2022)
- Education and Schools
  - SEND Review: Right Support, Right Place, Right Time (closed July 2022)
  - Implementing the Direct National Funding Formula (closed September 2022)
  - Early Years Funding Formula (closed September 2022)

- Health and Social Care
  - Operational Guidance to Implement a Lifetime Cap on Care Costs (closed April 2022)
  - Adult Social Care Charging Reform: Distribution of Funding 2023 to 2024 (closed September 2022)
- General
  - Changes to the Capital Framework – Minimum Revenue Provision (closed February 2022)
  - Reforming our Fire and Rescue Service (closed July 2022)
  - Homelessness Prevention Grant 2023/24 Onwards: Technical Consultation (closed August 2022)

### **Membership of Collective Groups**

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

### **Monitoring Developments**

114. The Council is monitoring news alerts and public sector journals for any developments with the new business rates retention scheme and Fairer Funding Review (due to be implemented from 2023/24 but now further delayed). The Council will actively feed into consultations around the new funding arrangements where possible.

### **Ongoing briefing with Members of Parliament**

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

## **Charges to Local Service Users**

116. In certain circumstances the Council makes direct charges for access to services. Some prices will be set nationally but prices should always be related to recovering some or all of the Council's costs in delivering discretionary services.
117. Charges for services represent 13% of total gross income to Cheshire East Council and the prices are reviewed at least annually. This income is netted off the cost of services before Council Tax levels are calculated.
118. The Cheshire East Council pricing structure has over 1,500 different charges. The overall objective is to reduce subsidy from taxation in charged for services. This means some price rises may exceed inflation in the medium-term. In such cases users are consulted and alternative service options are discussed.

119. To assist officers and Members to recover full cost, the Council has a Charging and Trading Strategy to provide the relevant guidance to be applied.

## Investment, Borrowing and the Capital Programme

120. The capital programme reflects the Council's priority to promote local economic wellbeing. To support this ambition the Council actively pursues funding from private sector organisations and Government as well as attempting to maximise receipts from asset sales. Resources will be utilised in a timely way to allow flexibility within the overall programme. Major highway infrastructure projects, for example, sometimes require Council resources before capital receipts and developer contributions have been received. Funding requirement for future years are updated as plans and funding streams are secured.
121. The Council applies an agreed Treasury Management Strategy (**Annex 11**) to ensure capital financing is affordable in the medium-term. During 2017/18 the Council revised its approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Whilst within the existing policy, this consisted of a change from using the straight line to the annuity method under the Asset Life (Option 3).
122. The capital financing budget for 2023/24 is shown in **Table 10**. This includes repayment of debt and interest payable on the Council's long-term loans. Costs are partly offset by the interest earned on the Council's investments. The Capital Financing budget has been maintained at £19m for 2023/24.

**Table 10: Services and Interest receipts help to offset the Capital Financing Budget**

	2023/24 £m
Repayment of Outstanding Debt	17.6
Contribution from Services	-1.4
Transfer from Financing Reserve	0.8
Interest on Loans	6.0
Less: Interest Receivable on Cash Balances	-2.4
<b>Net Capital Financing Budget</b>	<b>19.0</b>

Sources:  
Cheshire East Council

123. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2023/24, comprises the following elements:
- **For borrowing incurred prior to April 2008:** Cost is calculated at a 2% annuity rate over a 50-year period.
  - **For borrowing incurred after April 2008:** Cost is calculated on an annuity basis over the anticipated life of the asset. These periods vary from five years to 50 years depending on the type of expenditure funded from the borrowing.
124. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 10**.
125. The Council currently has external borrowing of £205m of which £128m is temporary borrowing with other local authorities. The amount of interest paid on the Council's portfolio of loans is a mix of long-term fixed rates of interest

and low-rate short-term rates of interest (average 2.61%). Currently long-term interest rates are around 4.15%.

- 126. The income earned on the Council’s cash balances that are temporarily invested is budgeted to be £2.4m.
- 127. The Council sets out the approach to these issues in its Treasury Management Strategy which is in **Annex 11**.

### Capital Programme Planning

- 128. The 2022/23 capital programme was approved by Council on 24 February 2022. Updates have been provided to service committees during 2022/23.
- 129. The Finance Update reported in November 2022 and the revised profile of spend for 2023/24 onwards forms the base for the 2023-27 programme, which is detailed in **Annex 10**.
- 130. Capital commitments have been reviewed to identify the profile of expenditure. The complexities around planning applications, public consultation, and dependencies on third parties for external funding can mean that projects are delayed from one year to the next.
- 131. Spending plans are monitored to ensure a robust quality assurance framework is followed for each project. The governance arrangements safeguard against projects proceeding where costs may escalate. Variances from approved budgets may become subject to supplementary approval in accordance with Financial Procedure Rules. Further details on the governance arrangements for the capital programme are set out in **Annex 10**.

### Capital Programme Financing

- 132. The resources required to fund capital investment in the medium-term is set out in **Table 11** and is based on borrowing that the Council can undertake on a prudential basis, Government grant, the level of capital receipts and external contributions that can be generated over the period.

**Table 11: Three Year Capital spending forecasts are very high**

	2023/24	2024/25	2025/26	2026/27	Total 2023-27
	£m	£m	£m	£m	£m
Committed Schemes	194.8	178.1	218.6	16.3	<b>607.8</b>
New Schemes	19.9	20.2	20.4	15.1	<b>75.6</b>
<b>Total Capital Programme</b>	<b>214.7</b>	<b>198.3</b>	<b>239.0</b>	<b>31.4</b>	<b>683.4</b>
Financing:					
Government Grants	115.1	117.4	69.3	19.7	<b>321.5</b>
External Contributions	16.8	20.9	56.5	9.9	<b>104.1</b>
Revenue Contributions	0.4	0	0	0	<b>0.4</b>
Capital Receipts	3.3	1.0	31.5	1.0	<b>36.8</b>
Prudential Borrowing	79.1	59.0	81.7	0.8	<b>220.6</b>
<b>Total Sources of Funding</b>	<b>214.7</b>	<b>198.3</b>	<b>239.0</b>	<b>31.4</b>	<b>683.4</b>

Sources:  
Cheshire East Council

- 133. The Council will aim to maximise external resources such as grants and external contributions to fund the capital programme. Where Council resources are required the preference is to utilise receipts from asset disposals. The forecast for capital receipts for the period 2022-26 is a

prudent approach based on plans of the Asset Management team and their most recently updated Disposals Programme.

134. The schemes in the Capital Programme, both existing and new proposals, have undergone a prioritisation exercise to ensure they represent value for money, attract external funding or alternatively are affordable within the capital financing budget and do not commit the Council to additional debt repayments that are not affordable in the medium-term.

### Borrowing for Capital Expenditure

135. The Council's capital investment complies with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes.
136. The level of Prudential Borrowing required in 2023/24 and in future years is detailed in **Annex 10** Prudential Borrowing Indicators. The revenue consequences have been considered as part of the medium-term strategy to ensure they can be afforded in future years.

### Government Capital Grants

137. **Annex 8** provides a list of Government grants that are supporting the Cheshire East capital programme.

## Other Economic Factors

138. The Council assess its financial position over the next four years by using a financial scenario model. It is based on a series of planning assumptions and is updated through the year as more accurate forecasts become available. Allowance is made in the 2023/24 budget for other economic factors, such as pay inflation of £13.2m, which is higher than expected. c.£9m of this is as a result of under budgeting for the 2022/23 pay inflation required due to the sharp increase in inflation rates not having been forecast at the time of the budget setting in February 2022. A higher than usual increase in pay inflation of 5% has been forecast for 2023/24 to align to the continuing inflationary pressures on the pay bill.
139. The Budget Report for 2023/24 reflects inflationary pressure in waste services, utilities and other areas, but continues the theme of not including a central allowance for non-pay inflationary pressures on the basis this is being mitigated by effective contract management, service efficiency proposals, changes in services provided or increased charges.

### Employer Pensions Contributions

140. The Cheshire Pension Fund (the Fund) undertook the formal triennial actuarial valuation in March 2022. The valuation is a statutory requirement of the LGPS Regulations and provides a health check of the Fund against an appropriate funding target and a review of its funding plan.
141. Funding positions for all the Councils in the Fund have improved since 31 March 2019 and Cheshire East's funding position has improved to 98%.

142. Given the improvement in the funding position since 2019, the modelling done by the Pension Fund confirmed that contribution rates could be reduced at this valuation in line with the existing stabilisation parameters.
143. The modelling conducted by the Pension Fund has identified the target rate for each Council as 20% of pay. This rate is similar to the primary rate calculated at the 2019 valuation and the modelling confirmed that this remains an appropriate long-term rate to fund the cost of future LGPS benefits and no open, long-term employer should pay less than this rate.
144. The table below summarises the impact of keeping the stabilising parameters as per the current Funding Strategy Statement and reducing contribution rates in line with the existing stabilisation parameters (step down by 1.5% of pay per annum) to a target rate of 20.0% of pay:

	2023/24	2024/25	2025/26
Proposed contribution rates	26.7%	25.2%	23.7%

145. During 2022/23 the contribution rates were reduced after service budgets had already been set. This resulted in a central pension credit budget being created to manage the overall contribution payments due to the Pension Fund. For 2023/24, along with the further reduction in contribution rates, the central credit budget has been realigned over the service budgets to ensure that recoupment from services aligns to the actual contributions required by the Fund.

## Debt Management

146. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £0.8m since the end of June.
147. Annually, the Council raises invoices with a total value of over £90m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.
148. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
149. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor).

## Managing the Reserves Position

150. The Council Reserves Strategy 2023/24 states that the Council will maintain reserves to protect against risk and support investment. The Strategy is updated each year and the latest update is provided at **Annex 13**.
151. The Strategy identifies two types of reserves:
- **General Reserves**  
Balances in this category are not identified for specific purposes but will be used to cushion against the impact of emerging events or genuine emergencies.
  - **Earmarked Reserves**  
Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.
152. Further details, such as opening and closing balances and protection against financial risks, are contained within the Reserves Strategy at **Annex 13**.

## Summary of Financial Stability

153. **Table 12: summarises the position for 2023/24 to 2026/27.**

Table 12	Estimated Net Budget 2023/24 £m	Estimated Net Budget 2024/25 £m	Estimated Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m
<b>Total Service Expenditure</b>	<b>340.8</b>	<b>354.4</b>	<b>361.5</b>	<b>374.5</b>
<b>Central Budgets:</b>				
Capital Financing	19.0	20.0	21.0	22.0
Income from Capital Receipts	-1.0	-1.0	-1.0	-1.0
Bad Debt Provision change	-0.6	-	-	-
Use of (-) / Contribution to (+) Earmarked Reserve	-5.0	0.6	-	-2.2
<b>Total Central Budgets</b>	<b>12.3</b>	<b>18.4</b>	<b>19.9</b>	<b>18.8</b>
<b>TOTAL: SERVICE + CENTRAL BUDGETS</b>	<b>353.1</b>	<b>372.7</b>	<b>381.5</b>	<b>393.3</b>
<b>Funded by:</b>				
Council Tax	-271.1	-287.9	-299.6	-311.5
Business Rates Retention	-55.3	-55.3	-55.3	-55.3
Revenue Support Grant	-0.4	-0.4	-0.4	-0.4
Specific Grants	-26.4	-29.1	-26.1	-26.1
<b>TOTAL: FUNDED BY</b>	<b>-353.1</b>	<b>-372.7</b>	<b>-381.5</b>	<b>-393.3</b>
<b>FUNDING DEFICIT</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Note – figures may not add down exactly due to roundings

154. Service expenditure for 2023/24 is shown as **£353.1m**. This represents an increase of £25.4m (7.8%) on the Budget at the [2022/23 Financial Year Update](#) position.
155. The Funding Available to Services in 2023/24 is estimated at **£353.1m** to give a balanced position.
156. Proposals were received in a Better Business Cases Five Case Model format, with associated Equality Impact Assessments, and were subject to detailed scrutiny by corporate enabling services through several iterations before being accepted into this budget; these business cases will be developed into the delivery phase.

## Forecasting the Medium-Term Budget 2023/24 to 2026/27

157. The Council has a track record of balancing the revenue budget, spending in-line with the forecasts, and maintaining adequate reserves to protect against risk and provide necessary investment. In 2022/23 this has been a significant challenge due to large inflationary increases and has required in-year mitigating activity and higher than forecast use of reserves.
158. The overall approach to funding is sound, and has been for some time, in that local sources of income such as Council Tax and Business Rates will continue to fund a large share of local costs in the future, so a pro-growth approach is appropriate.
159. The Medium-Term Financial Strategy reflects a balanced position for each of the next four years with a mix of specific

policy proposals in each Service alongside a medium-term approach to Council Tax increases.

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

Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to Government funding and inflation in particular are checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in Council Tax and business rates is explored in relation to emerging Government policy, demographic changes, local service ambitions and growth in the taxbase.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four and Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure outcomes will be achieved in a cost effective and efficient way.

161. Detailed information on how these measures have been addressed can be found on the Council's website as background information: [Cheshire East Budget](#).

# Annexes to the Medium-Term Financial Strategy Report 2023-27

February 2023

*An Open, Fairer, Greener Cheshire East*

# 1. Corporate Plan 2021 to 2025

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

## Open

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

## Fair

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

## Green

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

## Our Priorities

### An open and enabling organisation

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

### A council which empowers and cares about people

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

### A thriving and sustainable place

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

## Our Values



## **2a. Business Planning Process - Engagement**

## Introduction

- 2.1 Due to unprecedented budget pressures resulting from the current cost of living crisis, post COVID-19 legacy pressures and exceptionally high inflation, the Council could not prepare a balanced draft budget during 2022 for early consultation as has been the case in previous years. This challenging financial situation has resulted in extensive additional work to establish the balanced budget contained within this MTF5.
- 2.2 Therefore, Cheshire East Council conducted a shorter engagement process on its Medium-Term Financial Plans through a number of stages running from January 2023 to Council in February 2023.
- 2.3 Where consultation with specific stakeholder groups is required in relation to specific proposals, this is being identified as part of the proposals High-Level Business Case. Therefore, some of the proposals remain “subject to consultation”, and further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.
- 2.4 The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is subject to change. The Council deals with financial risk by factoring into its minimum level of reserves an allowance for negative

changes to proposals arising from consultation or delayed implementation.

## Background

- 2.5 Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools’ Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
- 2.6 This analysis helps to inform the consultation process for each Budget and continues to identify additional channels of communication which are used to facilitate consultation with more of our stakeholder groups.
- 2.7 The key events that have happened during 2022/23 in setting the budget for 2023/24 are outlined over the page.
- 2.8 A comprehensive suite of engagement events took place during January 2023 and all the feedback received by the Council from stakeholders or Committees was considered at Corporate Policy Committee on 9 February 2023.

## Key Engagement Events

Event	Date	Comments
Finance Sub-Committee	2 March 2022	Aligning the <a href="#">Medium-Term Financial Strategy</a> (MTFS) to the Committee Structure
Children and Families Committee	23 May 2022	Aligning the <a href="#">Medium-Term Financial Strategy</a> (MTFS) to the Committee Structure
Adults and Health Committee	30 May 2022	Aligning the <a href="#">Medium-Term Financial Strategy</a> (MTFS) to the Committee Structure
Economy and Growth Committee	31 May 2022	Aligning the <a href="#">Medium-Term Financial Strategy</a> (MTFS) to the Committee Structure
Corporate Policy Committee	9 June 2022	Aligning the <a href="#">Medium-Term Financial Strategy</a> (MTFS) to the Committee Structure
Highways and Transport Committee	16 June 2022	Aligning the <a href="#">Medium-Term Financial Strategy</a> (MTFS) to the Committee Structure
Environment and Communities Committee	1 July 2022	Aligning the <a href="#">Medium-Term Financial Strategy</a> (MTFS) to the Committee Structure
Finance Sub-Committee	6 July 2022	Receive <a href="#">2021/22 Financial Outturn Report</a> .
Corporate Leadership Team	August	Review base budget (in conjunction with outturn for 2021/22)
Finance Sub-Committee	7 September 2022	Review the <a href="#">Medium-Term Financial Strategy Reserve</a>
Corporate Policy Committee	6 October 2022	Received 2022/23 <a href="#">First Financial Review</a> position

Event	Date	Comments
Finance Sub-Committee	9 November 2022	Received 2022/23 <a href="#">First Financial Review</a> position (including updates for Grants and Capital Programme)
Finance Sub-Committee	9 November 2022	Received <a href="#">Grants Register</a> Report
Environment and Communities Committee	10 November 2022	Received 2022/23 <a href="#">First Financial Review</a> position (including updates for Grants and Capital Programme)
Children and Families Committee	14 November 2022	Received 2022/23 <a href="#">First Financial Review</a> position (including updates for Grants and Capital Programme)
Economy and Growth Committee	15 November 2022	Received 2022/23 <a href="#">First Financial Review</a> position (including updates for Grants and Capital Programme)
Autumn Statement	17 November 2022	Announcements on funding position for 2023/24 from Central Government.
Corporate Leadership Team with Policy Chairs	Post Autumn Statement	Consider all policy change options in light of funding announcements
Adults and Health Committee	21 November 2022	Received 2022/23 <a href="#">First Financial Review</a> position (including updates for Grants and Capital Programme)
Highways and Transport Committee	24 November 2022	Received 2022/23 <a href="#">First Financial Review</a> position (including updates for Grants and Capital Programme)
Corporate Policy Committee	1 December 2022	Receive 2022/23 <a href="#">Updated Financial Year Review</a> . Consider the <a href="#">Domestic Taxbase and Council Tax Support Scheme</a> for 2023/24

Event	Date	Comments
Corporate Leadership Team with Policy Chairs	December	Finalise draft budget proposals for January consideration by Committees
Council	14 December 2022	Agree the <a href="#">Domestic Taxbase and Council Tax Support Scheme</a> for 2023/24
Provisional Funding announcements	19 December 2022	Confirmation of Autumn Statement funding announcements from Central Government.
Town & Parish Councils Budget Session (1 of 2)	12 January 2023	Considered <a href="#">Budget Engagement</a> report
Children and Families Committee	16 January 2023	Considered <a href="#">Budget Engagement</a> report
Trade Union Budget Session	16 January 2023	Considered <a href="#">Budget Engagement</a> report
Economy and Growth Committee	17 January 2023	Considered <a href="#">Budget Engagement</a> report
All Member Budget Session (1 of 2)	17 January 2023	Considered <a href="#">Budget Engagement</a> report
Finance Sub-Committee	19 January 2023	Considered <a href="#">Budget Engagement</a> report
Adults and Health Committee	23 January 2023	Considered <a href="#">Budget Engagement</a> report
Town & Parish Councils Budget Session (2 of 2)	24 January 2023	Considered <a href="#">Budget Engagement</a> report

Event	Date	Comments
Highways and Transport Committee	26 January 2023	Considered <a href="#">Budget Engagement</a> report
All Member Budget Session (2 of 2)	31 January 2023	Considered <a href="#">Budget Engagement</a> report
Manager Share & Support Budget Session	31 January 2023	Considered <a href="#">Budget Engagement</a> report
Cheshire East Business Forum Budget Session	31 January 2023	Considered <a href="#">Budget Engagement</a> report
Final Funding announcements	February 2023	From Central Government.
Environment and Communities Committee	2 February 2023	Considered <a href="#">Budget Engagement</a> report
Corporate Policy Committee	9 February 2023	Consider final <a href="#">MTFS Report and Consultation feedback</a> and recommend proposals to Council.
Cheshire East Schools Forum Budget Session	16 February 2023	Considered <a href="#">Budget Engagement</a> report
Council	22 February 2023	Debate and approval of 2023/24 budget and Council Tax levels.

## 2b. Budget Engagement Report

See separate document.

# 3. Impact Assessment

## Executive Summary

- 3.1 This annex sets out the impact the budget has on the Council's various stakeholder groups. It is important that people can understand the consequences of the Council's proposals on their lives and the following impacts are expanded on in this section:
1. **Households** – This section looks at the financial impact of this budget on some of the 185,000+ households in Cheshire East.
  2. **Businesses** – This section looks at the impact of proposals on some of the 19,000 businesses in the area.
  3. **Council Partners and Stakeholders** – This section focusses on who the Council works with to achieve shared outcomes.
  4. **Local Environment** – The Council is committed to being carbon neutral by 2025, and this section identifies how this budget helps our ambition.
  5. **Equality, Diversity and Inclusion** – The Council's EDI strategy sets out our vision and this section identifies how this budget supports our approach.

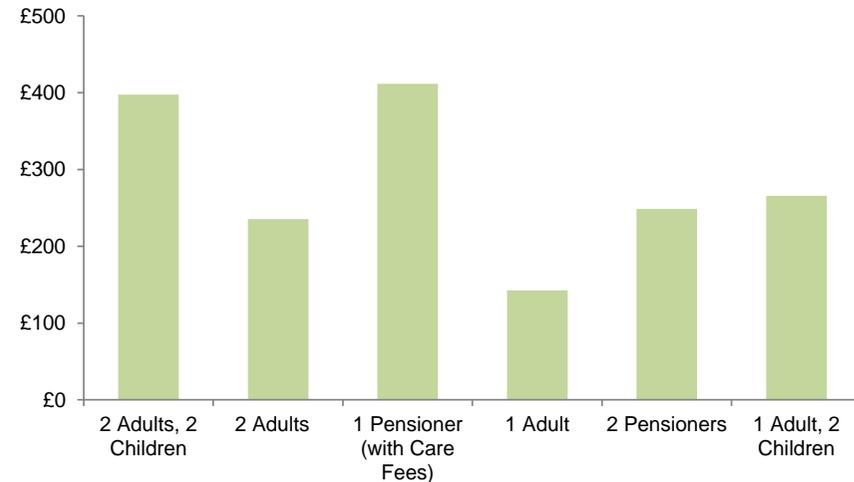
# 1. Household Impact

3.2 The 2023/24 Budget is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation to services. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.

3.3 A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.

3.4 **Chart 1** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Consumer Price Index (CPI), as at September 2022, were to be applied.

**Chart 1: Households would face £284 increases in costs if simple inflation was applied to charges**



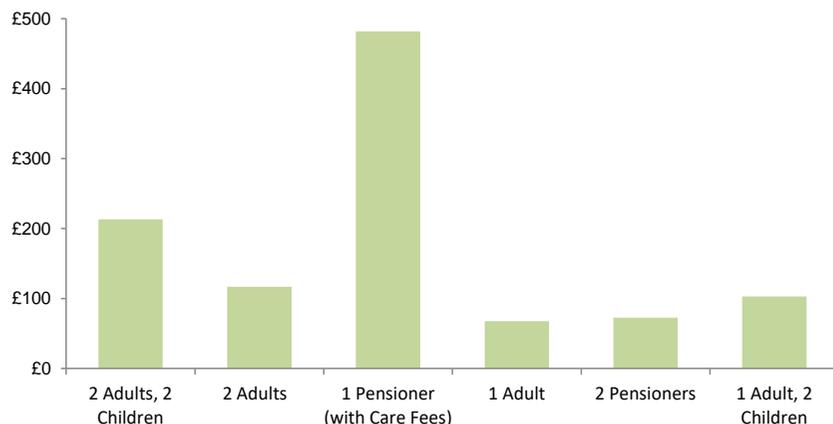
Source: Cheshire East Finance

3.5 Every service within the Authority is refining and updating a Charging and Trading Strategy which sets out the rationale for setting/changing fees and charges within that area.

3.6 The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.

3.7 **Chart 2** below illustrates the anticipated annual increases per household when applied to the same variety of services.

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



Source: Cheshire East Finance

3.8 The anticipated average increase per household is £176. This is £108 lower than an average increase of £284 if CPI at 10.1% had been applied across all services. This is due to the Council Tax increase being 4.99% which is well below the September CPI rate. Fees and charges in these typical household examples are still in the process of being agreed for 2023/24.

**Note:**

Typical households are made up as follows:

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

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

## 2. Business Impact

### Impact of the 2023/24 Budget Proposals on Businesses and the Economy

- 3.10 The Council takes a proactive role in engaging with and supporting local businesses. During the Pandemic, the focus of the team changed from supporting businesses with new growth and investment opportunities to supporting existing businesses to survive. The Business and Growth Team led the Council's economic response to the pandemic and oversaw the management and delivery of £19.6m of discretionary grant funds. In total, the Team provided grants to over 2,300 businesses. To achieve this however, the core team had to be supplemented with short term secondments from other service areas and additional temporary staff.
- 3.11 The team has now returned to its normal staffing levels of four full time employees with a renewed focus on promoting growth and investment opportunities across the borough. An Inward Investment plan has been developed which is more closely aligned with the place-based approach reflected in the Corporate Plan and Place Marketing Plan. The next phase of this plan now requires the creation of marketing assets and campaign material to promote the investment opportunities in each of these defined places. This will include development of investment prospectuses for each location, design and publication of a new web portal dedicated to attracting inward investment and development and implementation of a new Cheshire East 'Ambassador Programme'. The content created for this campaign material will form the basis of local, national and international place marketing and inward investment messaging.
- 3.12 The success of this approach was demonstrated by the recent opportunity to submit an expression of interest for the national headquarters of Great British Railways (GBR). The research undertaken during the development of the Inward Investment Plan meant we had the key facts and figures ready to be able to produce a high-quality Expression of Interest which resulted in Crewe being shortlisted in the final 6 out of 48 places.
- 3.13 The ability to promote and attract new investment into our towns and rural areas is a vital element of the long-term regeneration of these places. Without investing in high quality research, marketing collateral and investor development support, the ability to attract and respond to investment enquiries will be severely limited.
- 3.14 Another area of focus going forward will be the provision of support to new start-up companies and small companies with growth potential. For the last 5-6 years, this type of support has been provided by the Cheshire & Warrington Growth Hub but recently the core Government funding for the Growth Hub has been cut and the existing European Funded programmes that the LEP and Growth Hub managed and delivered are coming to an end. This is due to be replaced by the UK Shared Prosperity Fund which will now be managed directly by Cheshire East Council.
- 3.15 The Economic Development service led on the development of the UK Shared Prosperity Fund investment plan for Cheshire East. This plan delivers up to £11.6m core funding for 2022/23 to 2024/25. The fund is across three broad areas, communities and place, supporting local business and people and skills.

- 3.16 £4.1m UK Shared Prosperity funding is to support local businesses. The management and delivery of these business support projects will require additional staff capacity and capability.
- 3.17 Typical Facts:
- Non-Domestic Rates are set by Government
  - Supplementary Rates could be set by Cheshire East Council
  - Businesses are liable to pay some Fees and Charges (for example licensing)

## Town Centres

3.18 The Council has made significant commitments to the regeneration of Crewe town centre and approved the town's Regeneration Delivery Framework in 2015. This framework outlined the plan for helping Crewe prepare itself as a HS2 station location. As part of this plan the following activities have been delivered or are being progressed:

- Plans have advanced for the redevelopment of the Royal Arcade site. The scheme was granted planning consent as a two-phase scheme; the first phase comprising a new bus station and 400+ space multi-storey car park is expected to be completed in 2023.
- Up to £37m has been secured via two government regeneration programmes (Future High Street Fund and the Towns Fund) to develop projects that 'provide more reasons for more people to visit the town centre more often'. The business cases for the ten towns fund projects have been agreed and signed off by the government.

- Following the Economy and Growth Committee in November 2022, which reviewed the progress of the regeneration of Crewe, the Committee agreed to withdraw The Lyceum Powerhouse project and to use the funding to mitigate the cost inflation that all projects are facing. A Project Adjustment Form has been submitted to DLUHC to progress this decision.

3.19 Regarding other towns, the Council has committed in the Corporate Plan to pursue strategies and plans to support all the borough's town centres. An element of the Economic Development team is therefore focused on town centres other than Crewe.

3.20 The Council approved a Strategic Regeneration Framework (SRF) for Macclesfield Town Centre in October 2019. With the successful delivery of the Cheshire East Council funded £1.7m Castle Street public realm scheme (which has lifted the quality of this high vacancy street with private sector investment now evident in longstanding vacant premises in the immediate locality), internal budgets for supporting the Macclesfield regeneration programme are greatly diminished to around £349,000. It is proposed that this budget is retained within the Economic Development capital budget to be utilised for other regeneration projects aligned to the Macclesfield Town Centre SRF.

3.21 There is limited Cheshire East Council funding available for town centre activity outside of Crewe. However, there is up to £5.6m of UK shared prosperity fund to support investment in the communities and place workstream. Work is underway town and parish councils to develop projects focused town centres. This work is supported by the Town Centre Vitality Plans intended to set out a clear direction for the support of other town centres, again with no commitment

to funding from Cheshire East Council but rather as a tool to support any cases for external funding, given that typically bids for external funding require evidence of agreed plans for spend.

3.22 The component of the Economic Development team focused on town centres other than Crewe is also focused on securing and spending other available sources of external funding for town centres and wider economic development, and has been responsible for managing the Welcome Back Fund, for securing an Avanti Community grant for the Macclesfield Treacle Art Trail, for developing the Investment Plan needed to secure £11.5m of Shared Prosperity Funding, and taking a lead for the Council in enabling the Wilmslow Business Improvement District which will secure £2m over five years for Wilmslow Town Centre. Moving forward this team will be key in leading on the management of the Shared Prosperity Fund, on responding to an expected proposal for a Business Improvement District in Crewe.

3.23 Because of the limited funding which has been available for town centre work outside Crewe, this team are already extremely conscious of managing external expectations around funding and working collaboratively with external partners such as Macclesfield Town Council to ensure synergy between projects such that when such partners have any funding available efforts are made to ensure this is spent in a manner which aligns with Corporate priorities.

3.24 To support the financial position of the Council, despite having such limited funding for town centre work, £128,000 of Welcome Back Funding, which it had been intended to utilise to support modest town centre improvement projects has been offered up as a saving. This is a significant

proportion of the budget for town centres outside Crewe and will have an impact on what can be delivered to support town centres.

### Business Rates multipliers for 2023/24

- 3.25 Multipliers for business rates normally increase each year by CPI. The Government announced in the Autumn Statement that the multiplier will freeze for 2023/24.
- Standard Multiplier at 51.2p\* in the £.
  - Small Business Multiplier 49.9p\*\* in the £.

(\* Includes supplement to fund small business rate relief. \*\* All occupied properties with a rateable value (RV) below £51,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.)

### Transitional Scheme for 2023 rating list

- 3.26 Transitional Relief will cap business rate bill increases each year to a set percentage before other reliefs and supplements:

Upwards Caps	2023/24	2024/25	2025/26
Small Property (RV up to £20,000)	5%	10%	25%
Medium Property (RV between £20,000 to £100,000)	15%	25%	40%
Large Property (RV greater than £100,000)	30%	40%	55%

The above percentages are set in legislation by Central Government. This will continue to help businesses that face a large increase in their rates payable following the latest revaluation in April 2023. Properties that have had a

reduction in Rateable Value (RV) will benefit from the full decrease.

### Small Business Rate Relief (SBRR)

- 3.27 Properties with RV below £12,000 where the ratepayer meets the criteria will receive 100% relief and properties between £12,000 and £15,000 will receive tapered relief.
- 3.28 Continuation of amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs.

### Supporting Small Business (SSB)

- 3.29 This relief is to be awarded to businesses that face a large increase following the revaluation in 2023, as a result of the loss of small business or rural rate relief. The scheme will cap bill increases at £50 per month (£600 per year). Government will fully reimburse the Council for the actual cost of this scheme.

### Rural Rate Relief

- 3.30 Mandatory relief for rural businesses will continue at 100% for qualifying properties.

### Retail Discount

- 3.31 In the Autumn Statement 2022 the Government announced that relief for eligible retail, hospitality and leisure businesses will continue. Eligible properties will receive 75% relief up to cash cap of £110,000 per business. This is a temporary

relief and Government will fully reimburse the Council for any loss of income.

### Supplementary Business Rates

- 3.32 There are no proposals for Cheshire East Council to charge supplementary rates in 2023/24.

### Business Improvement District (BID)

- 3.33 Wilmslow Town Centre BID commenced on 1 November 2022 for a five-year period. Separate BID demands are issued to businesses within the BID area. The BID levy for 2023/24 will be 1.5% of the RV for all hereditaments with a RV of £15,000 and above, this will increase by 0.05% each year from 2024/25.
- 3.34 Feasibility studies are underway for a Business Improvement District (BID) in Crewe.

### Local Retention of Business Rates

- 3.35 From 1 April 2013 Cheshire East Council retains c.28% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. The Medium-Term Financial Strategy (**Annex 5**) sets out the Council's ambition and forecast income from promoting economic development.

### Local Discretionary Rate Relief

- 3.36 Cheshire East Council has the discretion to award rate relief to any ratepayer. Applications are considered on an individual basis. Relief would only be awarded where it was in the Council Taxpayer's interest to do so.

## Payment of Business Rates

- 3.37 Continuation of the option to spread business rates bills over 12 months rather than 10 months. In addition, we will make special arrangements with businesses to extend their instalments into 2023/24 to assist with recovery from COVID-19.

## Improvement Relief

- 3.38 In the Autumn Budget 2021 the Government announced a new improvement relief to ensure ratepayers do not see an increase in their rates for 12 months as a result of making qualifying improvements to a property they occupy.
- 3.39 This was due to take effect from 2023 but has been delayed and is due to be introduced from April 2024.

## Revaluation

- 3.40 The draft rating list for 2023 has been received with RV's effective from 1 April 2023.
- 3.41 Revaluation of business rate premises by the Valuation Office Agency will move to a three-yearly cycle from 2023 with the next revaluation in 2026.

### 3. Council Partners and Stakeholders

3.42 The Council is fully committed to creating platforms for cross sector partnership working to ensure resource is maximised to provide the best possible services. Developing a shared vision across Cheshire East on key priorities is best practice to achieve the most effective outcomes for our residents. The key areas of cross sector working, including examples, are as follows:

1. By developing integrated approaches across the Public Sector, we are seeing joined up offers for local people whilst having a greater understanding of the local needs of our population.
  - The Integrated Care Partnership across Cheshire East will explore how commissioning activities can be developed, focusing on population health.
  - The 8 Care Communities partnerships across health and social care are understanding the local health inequalities and identifying solutions to keep people fit and well.
  - Our ongoing partnership operations with Cheshire Police is making Cheshire East a safer place to live.
  - The fast growing partnership arrangements with Cheshire Fire and Rescue to gather local intelligence and undertake safe and well checks are having an impact on the prevention agenda.
2. By working collaboratively with business and industry we are wanting to protect our businesses, grow our opportunities for local people whilst improving the environmental impact across the borough.
  - A Social Value movement across Cheshire East has developed a network through a Social Value

award. This allows all partners to show their commitment to making their organisation and the impact they have to be even greater on the environment, the economy and in our communities.

- By developing trusted relationships through Regulatory Services, Economic Growth and Regeneration we support business and industry to flourish across Cheshire East.
3. By working closely with Town and Parish Councils to gather local intelligence, disseminate key messages, and promote resident engagement.
    - During the pandemic the ability to recruit volunteers and support the most vulnerable happened at a local level, Cheshire East Council with the support of several Town and Parish Councils alongside the Voluntary sector created partnerships now known as Volunteer Co-ordination Points. This work is continuing to provide local support to local people. Joint Volunteer “Thank You” events acknowledged the valuable support and contribution of volunteers.
    - The development of a Crowdfunding site has created a partnership approach to local projects, it allows partners to come together to create, promote and fund projects in a transparent and inclusive way whilst engaging with local residents.
  4. By working closely with the Voluntary, Community and Faith Sector we are gaining even more insight into the needs of residents and how Council statutory services

can be complimented by more localised approaches that build on the skills that exist within communities.

- The Voluntary, Community and Faith Sector Leaders group are now key stakeholders in any Councils coproduction activities.
- The Social Action Partnership are working across the VCFSE sector creating purpose-built partnerships that enhance the local offer and provide either more or joined up resources within communities.
- Local Neighbourhood Partnerships representing the beating heart of their communities where resource, ideas and opportunities are shared each month which result in the development of local activities.

3.43 This cross-sector working will allow us to unite on key priorities such as building our local economy, investing in our local environment, and developing opportunities that meet the needs of our communities. Using data, input from the VCFSE sector and voice of the residents, a holistic approach is enabled.

3.44 The Council is keen to build on existing relationships and always seek opportunities to develop new relationships to achieve a range of shared priorities.

3.45 **Town Councils:** The funding of Cheshire Association of Local Councils to support the relationships and strong communication between Cheshire East Council and Town and Parish Council can provide consistent approaches to local communities. Recent positive examples of collaborative working are the Cost of Living Crisis and Ukrainian support.

3.46 **Neighbourhood Partnerships:** The development of 15 place based Neighbourhood Partnerships brings together a range of partners including the Voluntary, Community and Faith sector, Public sector, Private sector and local residents to understand local priorities based on accessible data and local intelligence. As a partnership they collaboratively create and tailor projects to suit the communities needs building on existing assets. Trust is built once positive relationships are formed, thus enabling timely support aligned to the changing needs of Cheshire East residents.

3.47 **Connected Communities Centres:** by recognising our key partners that have accessible venues in our communities, we have developed a social franchise model to host a range of activities and support local residents. Each of the 30 centres delivers services tailored to their community, from coffee mornings, computer classes and line dancing, to learning a language, sharing a problem, and offering space and support for local residents to turn their interests and passions into a group or activity that will benefit their wider community. The free room hire offer has enabled new start-up groups, including peer support groups and sessions to support locally agreed priorities.

3.48 **Local Residents:** Local people are Cheshire East Council's key stakeholders. We work to consult and engage on various issues and changes the Council make across the borough. One example of how we encourage our communities to remain strong and supportive is the availability of the Cheshire East Bright Idea fund which allows the Voluntary, Community and Faith sector as well as local people to apply for funding to improve their local community. Behavioural Insights training has improved the way staff engage/encourage resident input.

## 4. Carbon Impact

- 3.49 The Council committed to be carbon neutral for its own emissions by 2025, and has pledged to work with businesses, residents, and organisations to achieve borough wide carbon neutrality by 2045. Our Environment Strategy and Carbon Action Plan sets out the Council’s policy on the Environment and how it will achieve carbon neutrality by 2025 and influence carbon reduction across the borough.
- 3.50 The Council 2025 target will be achieved through Council carbon reduction measures, sustainable energy production and carbon offset through locally focused environmental schemes such as large-scale tree planting sequestration (long-term removal of carbon from the atmosphere).
- 3.51 To assess progress against our carbon neutrality commitment, we have assessed all new savings and growth proposals for the estimated annual change in the Council’s carbon emissions – whether positive or negative – so that we can more effectively monitor progress and encourage climate action in everything we do. This, alongside measures which have been previously funded, provides our anticipated progress towards carbon neutrality.
- 3.52 In the previous Medium-Term Financial Strategy 2022-2026 the projected combined impact of previous measures and significant new proposals moved us to within 1% of the 2025 carbon neutral target. This Medium-Term Financial Strategy moves us further in light of some significant changes in the Council’s carbon footprint.
- 3.53 We continue to see an increased demand for space heating driven by increased ventilation requirements as a result of the pandemic and increasing utilisation. We are tackling this

through accessing external grant funds through the Public Sector Decarbonisation Scheme and others to install heat pumps in buildings across our estate.

- 3.54 Our fleet has not decarbonised as quickly as projected, due to a lack of availability of electric vans and cars caused by global supply chains. To tackle this, we continue to understand the role of hydrogen, introduced electric pool cars, are installing electric vehicle charging points across our estate, and have brought forward a new proposal for an acceleration in adoption of electric vans and cars.
- 3.55 Overall, the funded measures to date and in this strategy exceeds our carbon neutrality target by 3%, providing a contingency given pressures on increased use, and if we do not gain the expected benefit of all investments. Further pipeline projects are in development to provide additional contingency.

Carbon Impact of Measures	Tonnes of CO2 equivalent
Carbon footprint of the Council’s operations	13,968
Anticipated net impact of previously funded measures	-13,638
<b>Estimated net impact of new savings / proposals</b>	<b>-695</b>
Projected net impact of all measures	-14,333
% towards carbon neutrality by 2025	103%

## 5. Equality Impact Assessment

3.56 Our vision is to make Cheshire East a welcoming place, where equality, freedom, fairness and opportunity are open to all. We want everyone to feel valued, to celebrate diversity and to understand people’s different needs and aspirations whether they are living, visiting or working here and we will celebrate backgrounds, experiences, beliefs and faiths, genders, sexual orientations, disabilities and ages.

3.57 To achieve our vision, it is important to consider all individuals when carrying out day to day work. Services do this by providing evidence in the form of an Equality Impact Assessment (EIA) to demonstrate that they have considered the impact of their work on different groups protected from discrimination by the Equality Act 2010.

We will:

Include	Inspire	Integrate	Inform	Impact
Listen and involve all voices	Celebrate and promote our diversity and the positive opportunity it brings	Deliver and promote accessible services for all	Empower people to respectfully challenge discriminatory and poor behaviour	Support and deliver meaningful change

3.58 The EIA ensures that services consider if there are any negative consequences for each of the ‘protected characteristics’ as detailed in the Equality Act 2010.

3.59 An EIA is carried out on:

- All new functions, policies, procedures and services as they are developed
- Significantly altered functions, policies, procedures and services
- On existing functions and policies
- All consultations before they are published.

3.60 For all the budget proposals an EIA has been carried out where appropriate. For some proposals it is recognised that these are at a concept stage, therefore for these proposals, an initial screening activity has been carried out with the expectation that a full and detailed EIA will be completed in due course, where this is required, and ‘due regard’ will be taken of any findings and analysis.

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

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

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

3.63 EIA’s are published can be found via this link [EIA](#).

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

3.65 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy (MTFS), the Budget and the Corporate Plan, the impacts on those with protected characteristics are considered. The Council undertakes EIA where necessary and continues to do so as proposals and

projects develop across the lifetime of the Corporate Plan. The process assists the Council and helps to consider what actions could mitigate any adverse impacts identified and completed EIA form part of any detailed Business Cases.

- 3.66 The proposals within the MTFs include both positive and negative impacts.
- 3.67 There are savings proposals which could have a negative impact on those with protected characteristics and where appropriate mitigation will be required. These will be subject to more detailed equality impact assessments and consultation before any final decisions are made.
- 3.68 The Corporate Plan vision reinforces the Council's commitment to meeting its equalities duties, promoting fairness and working openly for everyone.
- 3.69 Cheshire East is a diverse place, and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.
- 3.70 The Council provides essential services such as Social Care, Education, Highways, Economic Development and Waste that will lead the way in achieving this vision for local people. Council services are funded mostly from Council Tax, with additional contributions from business rates and government grants and managing these resources appropriately enables our plans to be sustainable over the medium-term.
- 3.71 The vision will be achieved by being a transparent organisation that cares for the people who need our support as we develop a locally sustainable place. The Corporate

Plan that articulates the vision, and how we will make it a local reality, was approved by Council in February 2021.

## **Budget 2023/27 Cumulative Equalities Impact Assessment**

### **Purpose of assessment**

- 3.72 This assessment of the equalities impacts of the proposals set out in the Council's Budget for 2023/27, provides an assessment of the (cumulative impact) likely impacts of the budget savings on residents and employees with 'protected characteristics' as defined by the Equality Act 2010.

### **Context**

#### **Our commitment to fairness and equality**

- 3.73 The vision for Cheshire East Council is to create a borough that is Open, Fairer and Greener. The Council provides essential services such as Social Care, Education, Highways, Economic Development and Waste that will lead the way in achieving this vision for local people. Council services are funded mostly from council tax, with additional contributions from business rates and government grants and managing these resources appropriately will enable our plans to be sustainable over the medium-term.
- 3.74 The vision will be achieved by being a transparent organisation that cares for the people who need our support as we develop a locally sustainable place. The Corporate Plan that articulates the vision, and how we will make it a local reality, was approved by Council in February 2021.
- 3.75 EIA's are an important part of ensuring our services are responsive to the needs of our diverse communities and help tackle inequalities, creating a fairer borough for all. Each of the savings proposals set out in this budget has

been considered through an equalities lens and, where there is a potential or perceived negative impact, a full EIA has been undertaken and actions identified to mitigate the impact.

- 3.76 These individual assessments have been used to inform this overall assessment of the impacts of our budget savings proposals on residents and staff and, in particular, on any specific group.

### **Our priorities**

- 3.77 The vision is ambitious and long-term and we are making progress towards delivering it.
- 3.78 To help focus on the right things we have set ourselves three broad aims, each with a set of priorities. Achieving these priorities will help us to realise our vision.

### **Our aims are:**

- **Open** - An open and enabling organisation
- **Fair** - A Council which empowers and cares about people; and
- **Green** - A thriving and sustainable place.

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

### **Our legal duties**

- 3.80 Under Section 149 of the Equalities Act, the Council has a legal duty to have "due regard" to the need to:
- eliminate unlawful discrimination, harassment and victimisation;
  - advance equality of opportunity; and
  - foster good relations between different groups.

- 3.81 The precise wording of the Public Sector Equality Duty (PSED), together with a list of the 'protected characteristics' defined in the Act, is set out at **Annex A**.

- 3.82 We are required to demonstrate fulfilment of our duty to pay 'due regard' in the decision-making process and, as such, we need to understand the effect our policies and practices have on equality. Although the Council is not legally obligated to reject savings or growth proposals that could have negative impacts on any particular groups, it must carefully and with rigour consider the impact of its proposals on the PSED, take a reasonable and proportionate view about the overall impact on particular groups, and seek to mitigate negative impacts where possible.

### **Our diverse population**

- 3.83 Our borough is home to over 398,800 residents and almost 175,000 households. It contains the major towns of Crewe, Macclesfield, Congleton and Wilmslow (with populations above 20,000). There are also a number of other significant centres of population (over 10,000) in Sandbach, Poynton, Nantwich, Middlewich, Knutsford and Alsager.
- 3.84 Whilst the population is predominantly White British (93.6%), Cheshire East is becoming an increasingly diverse borough due to its proximity and continually improving transport links

to Manchester, Birmingham and London. It is also the home of choice for many migrant communities from across the world.

- 3.85 **Population:** The total population of Cheshire East is over 398,800. Residents aged under 25 represent 26% of this total population, which is significantly lower than figures for both the North West (30%) and England (29%). There are more residents aged 65 and over in Cheshire East (22%) compared to both the North West (19%) and England (18%). There is little difference in gender between the age groups shown, with the exception of residents aged 65 and over where the female population (54%) is notably higher than the male population (46%) partly reflecting differences in life expectancy between females and males.
- 3.86 **Race:** The majority of Cheshire East residents were born in the UK, at 91.7% this has decreased from 2011 which stood at 94.5%. Poland was the most common country of birth outside of the UK in 2021 (5,700, 1% of usual residents). 22,000 usual residents (5.5%) held a non-UK passport; the most common non-UK passport held was Polish (6,000, 1.5% of all usual residents). 2,600 usual residents had an address outside of the UK one year before the census, up from 2,200 in 2011.
- 3.87 **Ethnicity:** The most reliable source for data on ethnicity remains the 2021 Census. This is an 18 category self-report measure with an 'any other' write in option. Cheshire East has a high proportion of 'White' residents at 96.6% of the population, higher than the national (81%) and regional average (86%). The figure for 'White: other' population is included in this total as this represents the largest minority group population in Cheshire East (4.0%) but is hidden due

to the way 'White' is considered a single homogenous group when reported.

- 3.88 As part of the "White" ethnic group, 89.6% (357,337) of total population in Cheshire East identified their ethnic group as "English, Welsh, Scottish, Northern Irish or British", this is a decrease from 93.6% (346,264) in 2011.
- 3.89 The next most common high-level ethnic group was "Asian, Asian British or Asian Welsh" accounting for 2.4% (9,531) of the overall population, this ethnic group saw the largest percentage point increase from 2011, up from 1.6% (6,060).
- 3.90 **Disability:** The term 'disability' is used to refer to a limiting long-term illness, health problem or disability (LLTI) which limits a person's day-to-day activities. This is usually captured using the decennial Census. The proportion of LLTI residents was 18%, equal to the national figure (18%) but slightly lower than the North West average (20%). Ten percent of residents stated their activities were limited a little and eight percent stated their activities were limited a lot.
- 3.91 The wards with the three highest proportion of LLTI residents were Sandbach Heath & East (22.4%), Macclesfield Hurdsfield (21.7%) and Macclesfield West & Ivy (21.6%). The proportion of residents with LLTI was lowest in Leighton Ward (9.9%) and Wilmslow Dean Row (11.6%). As might be expected, the prevalence of LLTI broadly increases with an areas' average (median) age.
- 3.92 **Religion:** The religion question in the 2021 Census was voluntary; 94.5% (376,955) of usual residents answered the question in 2021, in line with the national average of 94.0% and an increase from 93.3% (345,486) in 2011.

- 3.93 Just over half of the population in Cheshire East described themselves as “Christian” at 54.3% of usual residents (216,629), however this has fallen 14.6% from the figure in 2011 in which 68.9% (254,940) of usual residents described themselves as “Christian.” While the proportion of residents describing themselves as “Christian” in Cheshire East is higher than the national average (46.2%) the decrease between census years was larger than the national decline (13.1%).
- 3.94 “No religion” was the second most common response, increasing by 15.0% percentage points to 37.7% (150,257) from 22.7% in 2011.
- 3.95 There were small increases (0.1%) in the proportion of usual residents in Cheshire East responding as “Buddhist” (0.3%), “Hindu” (0.5%) and “Muslim” (1.0%).
- 3.96 **Sexual Orientation:** Sexual orientation is an umbrella concept, which includes sexual identity, behaviour and attraction. The Census 2021 included a question on sexual orientation, which was a voluntary question asked of those aged 16 years and over. Around 8102 (2.5%) identified with an LGB+ orientation (“Gay or Lesbian”, “Bisexual” or “Other sexual orientation”). Over the last five years national estimates of LGB+ have been estimated to be 1.5% in 2012 to 2.0% in 2017 for the population aged 16 years and over.
- 3.97 **Pregnancy and maternity:** In 2017 there were 4,607 conceptions to women in Cheshire East.
- 3.98 This equates to conception rate of 75.5 per 1,000 or approximately 8% of women aged 15 to 44.

- 3.99 **Marriage and Civil Partnership:** The percentage who were never married and never been in a civil partnership has increased from 28.5% in 2011 to 31.6% in 2021.
- 3.100 **Gender Reassignment:** There is no accurate figure for how big the transgender community is. Research funded by National Government, carried out by Gender Identity Research and Education Society (GIRES) estimated the trans population as approximately 0.6%-1% of the UK adult population, this would equate to 1,900 to more than 3,000 of Cheshire East adult residents.
- 3.101 The Equality and Human Rights Commission (EHRC) reported that 100 people out of 10,000 (1%) answered yes to undergoing part of the process of changing from the sex you were described as at birth to the gender you identify with, or do you intend to. Gender variant people present for treatment at any age. Nationally the median age is 42.

### **The impact of COVID-19**

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

## The scale of the challenge

- 3.103 Over 60% of the Council's net budget is spent on providing support for Adults and Children based services. Such services are demand-led and continue to be increasingly complex. Although there are relatively low numbers of service users, compared to the population of Cheshire East, the Council has a responsibility to provide care and support and this is a priority within the Corporate Plan.
- 3.104 Housing and population growth also brings additional challenges for our key services such as increased education requirements, waste collection and disposal and highway maintenance. There is also inflation in the Council's contracts and annual pay costs.
- 3.105 Almost 95% of the Council's net budget is funded from local taxation due to very low levels of Central Government support. Central Government support for social care has been increased, recognising the crucial role of these services. However, future settlements from Government seem highly unlikely to provide increases that can match growth and inflation.
- 3.106 Government expects increasing costs, from growth in demand for services, and that this must be funded locally to achieve national core spending power forecasts. This creates pressure to continue to increase Council Tax levels. In recent years the Council has increased Council Tax specifically to fund the pressures in Adults' and Children's Social Care. The Local Government Association are clear that Council Tax is not the long-term solution to funding.
- 3.107 There are also a number of individual decisions that will arise over the period of the 2023/24 budget, and these will continue to be the subject of specific and more detailed

equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis.

## Equalities Impacts: overall cumulative impact

- 3.108 The Council is committed to minimise and mitigate any negative implications of the proposals for those with protected characteristics. At this stage, we have produced and initial assessment of the proposals on those people who share one or more protected characteristics under the Equality Act 2010.
- 3.109 Our preliminary assessment of the planned activity and budget proposals for 2023/24, indicates that the council is focused on making a wide range of changes during 2023/24 in order to balance its budget and whilst the majority of identified savings through efficiencies are linked to internal systems and processes there are others that would impact our residents and stakeholders.
- 3.110 Monitoring and mitigation of impact will form a key activity during the period 2023/24, these actions (monitoring, mitigation and analysis) will be informed and influenced by the key mechanisms below:
- **Public Consultation:** Whether or not there is a legal obligation to consult, if consultation takes place, it must be carried out fairly and comply with the Gunning principles. We will use it to understand the potential impact on those with protected characteristics before decisions are taken.

- **Monitoring of impact:** Services must ensure ongoing equalities monitoring of the impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored Council-wide at senior levels within the Council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.
- **Informing decision-making:** The findings of this monitoring should be used to inform the budget-setting process year on year.
- **Equality Impact Assessments:** As the budget proposals are developed, individual Equality Impact Assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected. These will all be reviewed to provide an assessment of the cumulative impact of the budget decisions.
- **Targeting based on need:** Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible e.g. through consultation.
- **Gaps in monitoring:** Where gaps in monitoring have been identified during the equality impact assessment process, steps should be taken to fill these in the

forthcoming year. This will enable better modelling of potential impacts and assessments in future.

- 3.111 The majority of savings will come from efficiencies, maximising the use of the various funding streams the Council has access to and by making better use of technology. These will result in 'back office' changes but with little or no impact on residents.
- 3.112 However, there are some savings that have the potential to impact upon:
  - Those who share one or more protected characteristic
  - All residents
  - Specific service users
  - Staff

#### **Impacts on those who share one or more protected characteristics**

- 3.113 It is expected that there will be impacts for residents and stakeholders who share one or more protected characteristics. The level of this impact is not yet fully understood, as proposals are in the early stages of development.
- 3.114 EIA, engagement and consultation will enable the council to assess fully what these impacts are likely to be. Mitigation, monitoring and changes to proposals, where possible, will enable the council to assess equality impacts reduce any negative impact.

#### **Impacts on specific service users**

- 3.115 There are proposals that relate to changes in services which support specific groups of residents and their families. These include services for vulnerable adults, disabled

people, and those with learning disabilities or mental health problems, and children and young people.

3.116 The key impact for these groups is a potential change to the service they currently receive. This may be in the shape of a new provider where services are being recommissioned to achieve savings, or a review of support packages to focus more upon a person's strengths, resources and ability to access help in their community (strengths-based approach), rather than automatically assigning the highest level of care, regardless of needs or abilities.

3.117 Overall, there should be no negative impact on the vulnerable groups these services support as each person will continue to be assessed and to receive the level of support required to meet their needs. Indeed, there may be a positive impact as people are empowered and supported to access help in their community and retain their independence for longer.

3.118 However, there is a risk that service users, families and carers could be unsettled by any change in the normal support arrangements and feel worried that the revised offer will not meet their needs. It will therefore be essential for services to ensure that service users and their families and carers are involved in any review of the support offer, and that the offer is reviewed on a regular basis to identify and respond to any change in needs and tailor the offer accordingly.

### **Impacts on staff**

3.119 The vast majority of staff savings and efficiencies will come from re-shaping services, restructures and not recruiting to vacant posts.

3.120 There are proposals relating to reconfiguring or consolidating teams, bringing common functions together to achieve staff efficiencies. Any changes will be subject to staff and trade union consultation, in accordance with the Council's employment policies and procedures. Where redundancies are necessary, affected staff will be offered support and prioritised for any new jobs being advertised within the Council.

### **Overall equalities impact assessment**

3.121 Looking at the totality of the savings to be delivered in 2023-27, the impacts on Cheshire East residents and staff are assessed as follows:

- There are no significant impacts on Cheshire East residents as a whole – and where changes have been introduced around universal services and charges, vulnerable residents are not disproportionately impacted and those facing socio-economic disadvantage are protected from financial impacts.
- There are some changes to services for specific groups – older vulnerable people, disabled people, including those with learning disabilities, and mental health problems. However, service users will continue to receive the appropriate level of support to meet their needs.
- Where potential impacts have been identified for individual proposals, mitigating actions have been set out which will minimise any adverse impact.
- Several proposals will bring positive impacts for the community and could have a positive impact on service users by supporting them to retain some independence and engage in their community.
- However, some savings proposals, together with wider initiatives will impact vulnerable older people and those

with physical or learning disabilities in particular. Whilst these changes are largely positive, any change can be disruptive. It is therefore essential that we continue to engage with these groups to ensure their voice are heard and that we recognise and respond to any needs and concerns as proposals are developed and rolled out.

- Detailed Equality Impact Assessments will be produced to inform decisions.

3.122 The conclusion is that the Council's proposals for achieving savings are therefore considered reasonable and have shown due regard to the PSED.

### Staffing Impacts

3.123 The impacts of these proposals on staff with protected characteristics cannot yet be fully determined, but as numbers are low and spread across a number of services / types of roles, there are unlikely to be any groups disproportionately impacted.

3.124 Any changes to staffing structure will require consultation with staff unions in accordance with the Council's Employment policies and procedures.

3.125 Our established organisational change process ensures we support our staff through this change. Where restructures are proposed we carry out an assessment that identifies the implications for those with protected characteristics and finds ways to mitigate accordingly.

3.126 Where a redundancy situation occurs, we will take several steps including:

- not filling vacancies in advance of a restructure so as many opportunities as possible are available to our existing staff.
- using our redeployment process to help staff at risk find suitable alternative employment within the Council.
- considering alternative options to redundancy such as early retirement, flexible working or other 'working differently' options.
- stress management support and counselling services will be offered to staff through the Employee Assistance Programme to help them cope with the additional pressures that structural change may bring.

3.127 We have an ongoing commitment to making Cheshire East Council an employer of choice and are supporting flexible working opportunities available where possible, including condensed hours, flexible start and end times and part time working.

3.128 The Council is committed to a workforce that is representative of the borough at all levels and will continue to look for new ways to improve progression routes for staff and equip them to be senior managers of the future. We will continue to promote our staff equality forums as a way of engaging with, and listening to, staff and working together to continually improve their experience of working in Cheshire East.

### Human Rights and Safeguarding

#### Human Rights

3.129 It is unlawful for the Council to act in a way that is incompatible with a European Convention right (unless the

council could not have acted differently as a result of a statutory provision).

- 3.130 In deciding whether the interference is necessary, the law applies a proportionality test, including whether a fair balance has been struck between the rights of the individual and the interests of the community.

## **Safeguarding**

### **Implications for safeguarding in Adult Social Care**

- 3.131 Proposals outlined in this document build on the Council's work on Making Safeguarding Personal (MSP). MSP is enshrined in the Care Act (2014) and our Local Safeguarding Adults Policies and Procedures.
- 3.132 MSP puts the person at risk of harm or abuse at the centre of decisions and actions about them. MSP respects that adults often bring ideas and solutions which will work best for them and the outcomes they need support in achieving.
- 3.133 This means that safeguarding adults continues to be integral in the work we are undertaking to really embed strengths-based practice. Ensuring vulnerable adults are safe and focusing on wellbeing is a core element of strengths-based practice and ensures there is consistency in approach whether we are working with a vulnerable person on a support plan or a safeguarding plan.

### **Implications for safeguarding in Children's Services**

- 3.134 Safeguarding children is about protecting them from maltreatment, preventing their health and development being impaired, ensuring that they grow up in environments

which provide safe and effective care and taking action to enable all children to have the best outcomes.

- 3.135 The mitigation identified for each proposal reduces very significantly the risk of poor safeguarding practice. The Council's mitigation should include not adopting any policy where safeguarding practice is adversely affected.
- 3.136 The proposals put forward have been tested against effective safeguarding practice. A broad range of quality assurance measures are already in place and will continue to be monitored and responded to robustly.

## **Monitoring**

- 3.137 Whilst the overall assessment is that there is not a cumulative negative impact on any group as a result of the savings proposals, there is a need to continue to monitor this. Each individual proposal will continue to be reviewed and updated as required. Consultation will be carried out where required to seek the views of residents and service users. The lead officer for each proposal will be responsible for ensuring that equality considerations remain at the forefront of decision making as each of these proposals are progressed.
- 3.138 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on our residents and stakeholders who share one or more protected characteristic.

## Policy Proposals

	MTFS reference and EIA comments
<b>Investment to address demand in adult social care</b>	MTFS reference numbers: 1, 2, 3 & 5
<p>[1] Demand in Adult Social Care - unit cost inflation</p> <p>Growth already experienced to be funded by the Council, arising from price increases in the commissioned care market.</p> <p>Inflation costs arising from the national economic position, specifically, the rate of pay inflation arising from the increase in the National Living Wage compounded by the constrained labour market driving up private sector pay, energy costs in residential and nursing care settings, and fuel costs for domiciliary care.</p>	Demand in Adult Social Care - unit cost inflation does not require an EIA.
<p>[2] Demand in Adult Social Care – complexity</p> <p>Growth already experienced, to be funded by the Council, arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age.</p> <p>Cheshire East Council is experiencing an increase in the number of people seeking, and eligible for social care, and an increase in the complexity of need of individuals eligible for and receiving care and support. This is reflective of the long-term demographic forecasts, which anticipate a faster rate of growth in Cheshire East than the national average.</p>	Demand in Adult Social Care – complexity does not require an EIA.
<p>[3] Investment in Adult Social Care</p> <p>Forecast growth, to be funded by the Council, arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age.</p> <p>Items 1 and 2 above reflect the real expenditure increases incurred by adult social care during 2022/23 up to November 2022. This future growth has been calculated with reference to relevant data from detailed population information including children reaching the age of 18 who will transition into adult services imminently and is shown for each year of the full MTFS period.</p>	Investment in Adult Social Care does not require an EIA.
<p>[5] Care Fee Uplifts in Adult Social Care</p>	Care Fee Uplifts in Adult Social Care does not require an EIA.

Forecast growth, to be funded by the Council, arising from price increases in the commissioned care market.	
<b>Home First Strategy: Increased care at home capacity and alternative care provisions</b>	MTFS reference numbers: 8 & 12
<p>[8] Home First Strategy - increased care at home capacity</p> <p>It is proposed that, the Council works with the NHS to implement the Home First Strategy approach to hospital discharge, reducing the usage of short-term beds to pre-pandemic levels. This will be achieved, in part, by maximising the use of block booked beds and increasing care at home capacity.</p>	Home First Strategy - increased care at home capacity will require an EIA.
<p>[12] Home First Strategy - alternative care provision</p> <p>It is proposed that, the Council works with the NHS to implement the Home First Strategy, increasing the use of technology, working with the voluntary sector developing non-care, community-based support, increasing support to carers, and focusing the use of domiciliary care on the most personal elements of care only.</p>	Home First Strategy - alternative care provisions will require an EIA.
<b>Learning Disabilities Future Service Development and Review, including Building Based Short Breaks Building Based Day Services</b>	MTFS reference numbers: 10, 20 & 22
<p>[10] Learning Disabilities Future Service Development and Review</p> <p>It is proposed to develop alternative approaches to commissioned long-term care and support for people with a learning disability, in partnership with other local authorities and the NHS as appropriate.</p>	Learning Disabilities Future Service Development and Review will require an EIA.
<p>[20] Building Based Short Breaks</p> <p>It is proposed that as part of the review of the Learning Disability service offer, and consistent with the strategy to move away from buildings-based care, the service at Warwick Mews is decommissioned. This will not affect individuals' rights or access to appropriate respite care provision.</p>	Building Based Short Breaks will require and EIA.
<p>[22] Building Based Day Services</p> <p>It is proposed that as part of the review of the Learning Disability service offer, and consistent with the strategy to move away from buildings-based care, the service at the Stanley Centre is decommissioned. This will not affect individuals' rights or access to appropriate day opportunities. Staff will be redeployed within Care4CE.</p>	Building Based Day Services will require and EIA.
<b>Adult social care: Client contribution yield offsetting growth</b>	MTFS reference number: 11

<p>[11] Client contribution yield offsetting growth Increase in income from client contributions arising from the inflation increase for pensions and benefits paid to individuals. Offsets against expenditure growth in proposal 3.</p>	<p>Client contribution yield offsetting growth will not require an EIA.</p>
<p><b>School transport pressures</b></p>	<p>MTFS reference number: 24</p>
<p>[24] School transport pressures This growth proposal reflects the increase in special education needs and disabilities (SEND) demand and increasing costs of fuel and contracts. This line includes removal of the temporary £1.2m investment in 2022/23 and factors in savings identified in the external review, the SEND review work and ensures travel support is provided in line with policy and statute.</p>	<p>School transport pressures will require an EIA.</p>
<p><b>Integrated Children's Service Strategy</b></p>	<p>MTFS reference number: 35</p>
<p>[35] Integrated Children's Service Strategy This savings proposal is to reduce the establishment and realign service areas to maximise the offer to children and families by reducing duplication and delivering efficiencies in a leaner, integrated structure across the Children and Families Directorate. This will include a review of leadership structures and realising all opportunities including MARS and existing vacancies.</p>	<p>Integrated Children's Service Strategy will require an EIA.</p>
<p><b>Review of commissioned services across the Children and Families Directorate</b></p>	<p>MTFS reference number: 38</p>
<p>[38] Review of commissioned services across the Children and Families Directorate Ensure the service is receiving value for money from targeting our resources to maximise service impact.</p>	<p>Review of commissioned services across the Children and Families Directorate will require an EIA.</p>
<p><b>Reduce cost of Democracy</b></p>	<p>MTFS reference number: 57</p>
<p>[57] Reduce cost of Democracy Review committee workloads against original design principles. Consider freeze on Member allowances. Reduce use of external venues, travel, expenses, printing. Review number of Committees through merging functions.</p>	<p>Reduce cost of Democracy will not require an EIA.</p>
<p><b>Office Estate Rationalisation</b></p>	<p>MTFS reference number: 68</p>
<p>[68] Office Estate Rationalisation</p>	<p>Office Estate Rationalisation will require and EIA.</p>

<p>Rationalisation of the Council's Office space buildings to reflect increased hybrid working, and to secure reduction of business rates and holding costs. Also targeting additional Carbon benefits in retained buildings. This proposal removes two pre-pandemic business cases related to neighbourhood and office buildings (£260k / £460k savings) and replaces them with a proposal to optimise the office estate only at this point. Key assets in the North and South of the borough will be retained and invested in to provide modern workplaces for staff, Members and stakeholders. Consultation will also consider the option to relocate Macclesfield Library to the nearby Town Hall. Surplus assets will be considered for alternative use to generate income through rental or a capital receipt.</p>	
<p><b>Strategic Leisure Review</b></p>	<p>MTFS reference number: 90</p>
<p>[90] Strategic Leisure Review</p> <p>Review of current leisure service provision, including buildings costs and subsidies for services across the borough. The review in the medium term will explore opportunities to reduce costs including options to co-locate with other Council services. In 2023/24 the Council will start to progress commissioning of leisure services aligned to health needs, while implanting the appropriate oversight required to support access of Public Health funding.</p>	<p>Strategic Leisure Review will require an EIA.</p>
<p><b>Maintenance of green spaces</b></p>	<p>MTFS reference number: 91</p>
<p>[91] Maintenance of green spaces</p> <p>Reduction in existing maintenance regimes to parks, public open spaces and other green spaces - specifically but not limited to frequency of grass cutting, tree and flower bed planting and other related grounds maintenance activities. Opportunity to allow rewilding of specific areas and promote increase in biodiversity.</p>	<p>Maintenance of green spaces will require an EIA.</p>
<p><b>Review Waste Collection Service - Green Waste</b></p>	<p>MTFS reference number: 92</p>
<p>[92] Review Waste Collection Service - Green Waste</p> <p>Introduce subscription charging for green waste collections. Subject to consultation with residents this proposal would align Cheshire East Council to most other Local Authorities in charging for the kerbside collection and subsequent disposal of Green Waste. Average charges compared to neighbouring boroughs could raise as much as £4.05m per annum. Changes following consultation would also require significant communication and engagement with residents. Changes could require food waste to be placed in black bins. Any proposal may be subject to review if government guidance is amended in relation to waste collection services.</p>	<p>Review Waste Collection Service - Green Waste will require an EIA.</p>
<p><b>Libraries - Service Review</b></p>	<p>MTFS reference number: 93</p>

<p>[93] Libraries - Service Review</p> <p>The Council is not proposing any library closures, but to ensure ongoing affordability of services across the borough this proposal would reduce current opening hours of libraries both during the week and on a Saturday, a review of the mobile library service and funding for purchase of new books and newspapers. Aligned to this and as part of the review seek options to co-locate library sites in to other facilities and at the same time move forward with opportunities for additional income generation based within these sites. Proposals would consider options to work with Town and Parish Councils to mitigate impacts where viable.</p>	<p>Libraries - Service Review will require an EIA.</p>
<p><b>Household Waste and Recycling Centres - introduce residency checks</b></p>	<p>MTFS reference number: 101</p>
<p>[101] Household Waste and Recycling Centres - introduce residency checks</p> <p>Introduce residency checks at all HWRC sites to minimise disposal costs of waste being deposited by non-Cheshire East residents.</p>	<p>Household Waste and Recycling Centres - introduce residency checks will require an EIA.</p>
<p><b>Local Bus</b></p>	<p>MTFS reference number: 103</p>
<p>[103] Local Bus</p> <p>Forecast cost pressure on local bus services is approximately £3.5m, which was partially mitigated in 2022/23 from Council Reserves. This is unsustainable and the Council cannot afford to fund local bus services at this level. This initiative seeks savings in the level of supported local bus services that must mitigate the impact of inflation and is a direct response to the loss of central government grant. These efficiency savings are considered to be achievable but there are expected to be negative impacts on residents and service-users due to a reduction in the extent of revenue-supported services in the Cheshire East bus network.</p>	<p>Local Bus will require an EIA.</p>
<p><b>Highways</b></p>	<p>MTFS reference number: 104</p>
<p>[104] Highways</p> <p>Proposals to support the council's financial pressures include additional highway's income from licensing and permits, the reallocation of revenue to capital funding for road maintenance and a reduction in the maximum response times of the highways incident response teams, out of hours. There will be a decrease in the highway revenue budget for carriageway repairs, which will be managed alongside ongoing reviews and profiling of capital expenditure.</p>	<p>Highways will require an EIA.</p>
<p><b>Energy saving measures from streetlights</b></p>	<p>MTFS reference number: 105</p>

<p>[105] Energy saving measures from streetlights</p> <p>The Council provide 40,000 streetlights across the borough. Whilst there have been energy saving measures adopted in respect of retrofitting LED's we will reduce our energy consumption further by reducing the number and timing of street lighting in the borough from September 2023. Options will be reviewed to consider priorities and safety aspects associated with turning off alternate lights or turning lights off in the early hours of the morning in some areas.</p>	<p>Energy saving measures from streetlights will require an EIA.</p>
<p><b>Parking</b></p>	<p>MTFS reference number: 108</p>
<p>[108] Parking</p> <p>The Council must meet unprecedented and complex challenges with increasing customer expectations to provide a modern, responsive and equitable parking service. The proposals for parking must align operational arrangements and tariffs with corporate priority outcomes for fairness and transparency, including supporting our Town Centres to recover after the pandemic. These proposals will include options for zonal parking charges. The implementation plan will include further consultation. Options are expected to align to an increase in income, or reduction in costs, over the next two years to maintain the ongoing sustainability of the service.</p>	<p>Parking will require an EIA.</p>
<p><b>Council Tax - % increase</b></p>	<p>MTFS reference number: 117</p>
<p>[117] Council Tax - % increase</p> <p>Council Tax currently provides 78% of the net funding for Council services and is paid by occupiers and owners of domestic property within the borough. The MTFS includes increases of 4.99% in 2023/24 and 2024/25, and 2.99% each year after that.</p>	<p>Council Tax - % increase will not require an EIA.</p>

## Annex A: Public Sector Equality Duty

Section 149 of the Equality Act 2010 provides that:

- (1) A public authority must, in the exercise of its functions, have due regard to the need to —
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- (2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low
- (4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include steps to take account of disabled persons' disabilities.
- (5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to —
  - (a) tackle prejudice, and
  - (b) promote understanding
- (6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- (7) The relevant protected characteristics are —
  - age
  - disability
  - gender reassignment
  - marriage and civil partnership
  - pregnancy and maternity
  - race
  - religion or belief
  - sex
  - sexual orientation

# 4. Risk Management

- 4.1 The Council continues to develop and embed its risk management framework and risk appetite to ensure that it can manage its performance, achieve corporate objectives and provide an enhanced level of service and outcomes its residents. Risk management is a cornerstone of effective corporate governance and operating a robust framework ensures that there is a mechanism in place to support informed decision-making and appropriate risk mitigation.
- 4.2 Cheshire East recognises that in pursuit of its objectives and outcomes that it may choose, in some circumstances, to accept an increased degree of risk. Where the Council chooses to accept an increased level of risk it will do so whilst ensuring that the potential benefits and threats are fully understood and continually monitor its exposure. Decisions to this effect are only taken if there is sufficient risk capacity and that proportionate measures to mitigate risk have been established.
- 4.3 In this constantly evolving environment, with a need to continually adapt to meet legal requirements, economic challenges, demographic and social changes, there is always a danger that emerging risks may not be identified before their impact is felt. The Corporate Leadership Team and Corporate Policy Committees have oversight of the management of existing risks, as well as a role in identifying new and emerging ones. The Council's Audit and Governance Committee has responsibility for ensuring the effectiveness of the Risk Management Framework
- 4.4 The highest rated risks on the strategic risk register relate to the challenges faced when trying to deliver resident services, with the Council's limited capacity and resources. The scope of the risks includes our key delivery partners and suppliers, and there is a consistent awareness that maintaining financial resiliency is key to ensuring the health and prosperity of the borough.
- 4.5 There are two strategic risks directly related to fiscal matters, the failure of council funding and the failure of financial management and control. The former relates to the risk that the level of income is insufficient to support delivery of the Corporate Plan. This risk acknowledges that council reserves are not a sufficient, or intended, to support day-to-day operations for any meaningful period. The financial management and control risk reflects the effective planning, recording, allocation, review and transacting of income and expenditure.
- 4.6 In the table below are the highest rated strategic risks (net score of 12 and above), as at the Q2 review of the strategic risk register, all of which can have an impact on financial stability if not correctly managed, including the allocation of any related budgets.

Highest Rated Strategic Risks Scoring 12 and above (out of 16)		
Ref	Score	Short Risk Title
SR1A	16	Increased Demand for Adult's Services
SR1C	16	Increased Demand for Children's Service
SR2	16	NHS Funding
SR4	12	Information Security and Cyber Threat
SR6	12	Organisational Capacity and Demand
SR7	16	Failure of Council Funding
SR8	12	Political Uncertainty
SR10	16	HS2 Infrastructure Investment
SR12	16	Failure and fragility in the Social Care Market
SR15	12	Failure of the Local Economy
SR16	16	Integrated Care System (ICS) Integration
SR18	16	Delivery of the JTAI Improvement Plan

- 4.7 Operational risk management is integrated into service planning to ensure that:
- Risks are recognised and mitigated on an ongoing basis, with significant events being escalated appropriately;
  - Risk management activity and decision-making is informed by the organisation's objectives as described in the Corporate Plan; and
  - Regular service level risk assessments are carried out to provide an operational perspective on performance
- 4.8 As a result of the current economic pressures all local council's leadership teams are being asked to make difficult choices and closely review the scope of their core services. With a number of years of low funding ahead, the careful allocation of resources is more important than ever. Risk management has and will continue to play a key role in understanding and executing organisational objectives when supported by limited resources.

# 5. Local Taxation (The Collection Fund)

## Introduction

- 5.1 The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.
- 5.2 It is one of the main statements that form part of the annual financial reporting and is contained within the annual Statement of Accounts.
- 5.3 This annex sets out the taxbase calculation and forecast outturn position for both Council Tax and Business Rates.
- 5.4 The forecast outturn positions noted in this section will be wholly managed through the Collection Fund Earmarked Reserve and will not impact on the revenue account in 2023/24.

## Council Tax

- 5.5 Locally collected domestic taxes that are directly retained by the Council will provide approximately 79% of the Council's net funding in 2023/24. The Council therefore takes a very careful approach to managing the domestic taxbase in a way that reflects local growth ambitions and supports sustainable services in the medium-term.
- 5.6 Growth in the local taxbase supports the ambition in the Corporate Plan of creating economic independence from Government grant. In 2023/24, there continues to be no general Government grant support to the revenue budget of

Cheshire East Council. The continued increase in demand related to protecting vulnerable people and inflation in costs maintains the requirement to increase Council Tax levels in line with Government expectations.

- 5.7 Taxbase levels have risen steadily in recent years as can be seen in the table below:

Table 1 - Taxbase increases	2020/21	2021/22	2022/23	2023/24
No. of properties as at Oct in previous year	178,158	180,505	183,054	185,472
Estimated new homes	2,200	1,800	2,100	2,400
Cheshire East Taxbase	152,597.84	153,796.10	156,607.48	158,778.54
Growth in taxbase	2.06%	0.79%	1.83%	1.39%

- 5.8 The taxbase also reflects assumptions around Council Tax Support (CTS) payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and was amended again for 2022/23 to make the scheme more supportive in the light of funding being made available from Central Government (£3.3m) to be able to further assist the pandemic recovery for residents.
- 5.9 The funding for this Local Council Tax Support grant was received in 2020/21 and transferred to the Collection Fund Earmarked reserve. The funding will be used over the medium-term to support the revenue budget to compensate for suppressed Council Tax levels due to higher Council Tax Support payments.
- 5.10 No changes are proposed to the Council Tax Support Scheme for 2023/24 other than to increase the income bands

and non-dependent deductions in line with CPI. This continues the higher levels of support for those on the lowest income.

- 5.11 The taxbase for 2023/24 reflects an increase of 1.4% on the 2022/23 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of continuing higher levels of Council Tax support due to the ongoing pandemic situation.
- 5.12 The Council Taxbase was approved by [Council on 14 December 2022](#), and further information can be obtained from the Domestic Taxbase report.
- 5.13 Receipts from Council Taxpayers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, and local Town and Parish Councils).
- 5.14 If receipts are more than the budgeted precepts of the billing authority (Cheshire East) and the major preceptors, then this creates a surplus in the fund which can be released in the following financial year. If receipts are less, then this results in a deficit which needs to be paid back by all parties in their proportionate shares in future years.
- 5.15 It is forecast that there is to be a cumulative deficit of £0.153m on the Council Tax fund of which £0.130m is to be repaid by the Authority in 2023/24. Government regulations during 2020/21 allowed the 2020/21 deficit to be spread evenly over a three-year period 2021/22 to 2023/24. The final third of that deficit will be repayable in 2023/24 along with the 2022/23 in-year surplus. This results in the £0.130m net deficit (Cheshire East share) to be repaid in 2023/24 and will be managed through the Collection Fund earmarked reserve.

5.16 The table below sets out the detailed position on the Council Tax fund as at the end of 2022/23.

<b>Collection Fund 2022/23 - Council Tax</b>		<b>£m</b>
<b>Balance brought forward</b>		<b>£m</b>
2021/22 Outturn Deficit		1.114
<b>Demand on Collection Fund (precepts)</b>		
Cheshire East (inc. Parish Precepts)		263.991
Cheshire Police and Crime Commissioner		36.871
Fire Authority		12.917
<b>Total Payments due to Preceptors</b>		<b>313.779</b>
2021/22 deficit estimation declared in Jan 2022 – repaid in 2022/23		-0.996
<b>Total Payments due from Preceptors</b>		<b>-0.996</b>
<b>Net payment due to Preceptors</b>		<b>312.783</b>
<b>Net Income due into the Collection Fund</b>		<b>311.368</b>
<b>Discretionary reliefs to be funded by General Fund</b>		
Foster Carers / Care Leavers & Energy Refunds		2.376
<b>Total</b>		<b>2.376</b>
<b>Estimated Total Overall Deficit</b>		<b>0.153</b>
<b>Preceptors Share of Deficit to be repaid in 2023/24</b>		<b>£m</b>
<b>Cheshire East Council</b>		<b>0.130</b>
Cheshire Police		0.016
Cheshire Fire		0.007

## Business Rates

- 5.17 The Government introduced the business rates retention scheme on 1 April 2013. There continues to be much uncertainty around the scheme from appeals to the local list. This has resulted in the need to create and build upon a specific earmarked reserve and provision for appeals to protect against large fluctuations in any given year. This Annex provides an illustration of how the scheme has worked and what changes are likely over the medium-term including estimates of future income.
- 5.18 The basic concept is that a baseline position is established and an element of growth over and above that can be retained. Central Government set the baseline over which growth is measured but the Council can budget on locally set figures. This can be informed by the NNDR1 form which contains estimates that must be provided to Government at the end of January each year.
- 5.19 In previous budget cycles, growth estimates above baseline were calculated and the taxbase has been monitored to assess the robustness of those estimates. This proved to be reasonably accurate, but in March 2020, the Coronavirus pandemic locked the economy down and businesses have been dramatically affected. This severely impacted the in-year performance of business rates and is likely to continue to have an affect over the medium-term. Further pressures such as the current economic climate and high inflation levels are also likely to have a detrimental effect on businesses over the coming years.
- 5.20 Central Government use of compensation S31 grants to reimburse Local Authorities for the cost of any discounts or

exemptions that have been granted since the start of the scheme in April 2013.

- 5.21 For 2022/23 the NNDR1 return was forecasting retained rates of £0.1m above the funding baseline (of £42.5m) giving a contribution to the revenue budget of £42.6m. This budget above the baseline was accounting for the growth projections since the start of the BRRS. Any shortfall against this budget as an ongoing result of the pandemic will continue to be covered by the Collection Fund Earmarked Reserve which was set up to provide protection against fluctuation in rates.
- 5.22 Business rates compensation grants, payable by Central Government, for any new exemptions or discounts granted since the baseline funding levels were set back in April 2013 are also being used in part to support the revenue budget in 2022/23 which took the total business rates income to £49.1m.
- 5.23 For 2023/24 the usual process of forecasting growth in Rateable Value has been undertaken as set out below.

### Available Data

- 5.24 The Council has gathered information from several sources to judge likely levels of economic growth or decline including:
- Information from the business engagement team.
  - Data from the Council's planning system.
  - Data from the team working to generate capital receipts.
  - Data from the Revenues collection service in terms of appeals and expected growth.
  - Data from the valuation office.

- Financial Strategy & Reporting knowledge of the BRRS calculations.

## Method

- 5.25 This available data has been reviewed to generate broad estimates of the potential increase in Rateable Value (RV) over the medium-term.
- 5.26 An allowance has been made for the average impact of timing delays, on appeals, on other RV nearby (displacement) and likely loss of RV where appropriate.
- 5.27 The end result has been converted to business rates and processed via a BRRS model developed and maintained by Strategy Finance.

## Results

- 5.28 Retained rates income forecast from growth in the taxbase for 2023/24 is forecast to be £2.23m. After the central share and levy payments have been made it results in a net increase for Cheshire East of £0.69m as per **Table 2**.

Table 2 - Estimated Increased Net Business Rates Income			
Business Type	2023/24 £m	2024/25 £m	2025/26 £m
Retail	1.46	1.11	-
Offices	0.37	-	-
Manufacturing	0.39	-	-
Leisure	0.01	-	-
Other	-	-	0.03
<b>Total Net Growth</b>	<b>2.23</b>	<b>1.11</b>	<b>0.03</b>

<b>Total Retention for Cheshire East</b>	<b>0.69</b>	<b>0.34</b>	<b>0.01</b>
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- 5.29 However, due to the unprecedented times that businesses are continuing to face, it continues to be prudent not to include any increase in business rates growth income for 2023/24 and beyond.
- 5.30 For 2023/24 the government has announced that the multiplier usually used to increase business rate bills by inflation are to be frozen at 2022/23 levels. This will result in a large compensation payment to Local Government for the losses between what the multiplier was capped at compared to September 2022 inflation of 10.1%. Part of this additional cap compensation is being used to support the revenue budget for 2023/24 (£4.6m) taking the business rates budget to £55.7m for 2023/24.
- 5.31 The revised Business Rates Retention Scheme that was due to be implemented from April 2021 has been delayed again as per the provisional settlement that was announced on 19 December 2022.

- 5.32 Receipts from businesses are paid into the Collection Fund which is then distributed to all precepting organisations in the following shares - Cheshire East Council (49%), Fire Authority (1%), and Central Government (50%).
- 5.33 New legislation was passed during 2020/21 to allow the “exceptional balance” deficit from that year to be spread equally over the period 2021/22 to 2023/24 to avoid all the costs being incurred in one year. For 2023/24, the final element of this balance will be repaid and is included in the tables below.
- 5.34 Central Government have once again compensated local authorities for their share of the Extended Retail Relief from 2021/22, so this portion off the deficit can be immediately repaid in full in 2022/23.
- 5.35 The residual deficit of £7.480m by the end of 2022/23 includes the final spreading of the exceptional balance from 2020/21, which will be funded in part by the Extended Retail Relief grant compensation. Therefore, the total deficit to be repaid in 2023/24, will be £1.227m, of which, £0.601m will be repayable by Cheshire East. This will be managed through the Collection Fund Earmarked Reserve.
- 5.36 The detailed forecast outturn for Business Rates collection fund is shown in the table below.

<b>Collection Fund 2022/23 - Business Rates</b>		<b>£m</b>
<b>Balance brought forward</b>		
2021/22 Outturn Deficit		<b>30.693</b>

<b>Demand on Collection Fund</b>	
Central Government	<b>68.607</b>
Cheshire East	<b>67.234</b>
Fire Authority	<b>1.372</b>
<b>Total payments due to Preceptors</b>	<b>137.213</b>
2021/22 deficit estimation declared in Jan 2022 - repaid in 2022/23	<b>-31.324</b>
<b>Total Payments due from Preceptors</b>	<b>-31.324</b>
<b>Net payment due to Preceptors</b>	<b>105.889</b>

<b>Net Income due into the Collection Fund</b>	
	<b>130.879</b>

<b>Items to be excluded from Collection Fund share to preceptors</b>	
Cost of Collection	<b>-0.569</b>
EZ Growth Disregard	<b>-1.077</b>
Renewable Energy Disregard	<b>-0.115</b>
<b>Total</b>	<b>-1.778</b>

<b>Estimated Total Overall Deficit</b>	
	<b>7.480</b>

<b>Preceptors Share of Deficit to be repaid in 2023/24</b> *(before funding part of the deficit using the S31 grant received for the Extended Retail Relief)	
<b>Cheshire East Council</b>	<b>*3.665</b>
Central Government	3.740
Cheshire Fire	0.075

## Conclusion

- 5.37 The deficit on the Council Tax fund that is due to be repaid by the Authority in 2023/24 is **£0.130m**.
- 5.38 The **net** deficit on the Business Rates fund (including the use of the compensation grant for the Expanded Retail Relief used to part fund the total deficit) that is due to be repaid by the Authority in 2023/24 is **£0.601m**.
- 5.39 Both deficits will be formally declared during January 2023 and will be managed through the use of the Collection Fund Earmarked Reserve during 2023/24.

## **6. The Budget Setting Process for the 2023/24 Financial Year**

Set Parameters	Gather Evidence	Consult and Refine	Approve																																																																
Apr to May 2022	June to Dec 2022	Jan 2023	Feb 2023																																																																
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# 7. Revenue Grant Funding

<b>Corporate Grants Register 2023-27 Summary</b>	<b>Revised Forecast 2022/23 £000</b>	<b>Forecast 2023/24 £000</b>	<b>Forecast 2024/25 £000</b>	<b>Forecast 2025/26 £000</b>	<b>Forecast 2026/27 £000</b>
<b>Specific Use</b>					
Adults and Health Committee	52,634	36,554	37,418	36,316	36,316
Children and Families Committee	167,313	187,706	186,506	186,506	186,506
Corporate Policy Committee	73,626	47,300	47,128	47,092	47,060
Economy and Growth Committee	4,718	2,606	1,500	0	0
Environment and Communities Committee	387	240	0	0	0
Highways and Transport Committee	3,167	0	0	0	0
<b>Total Specific Use Grants</b>	<b>301,845</b>	<b>274,406</b>	<b>272,551</b>	<b>269,914</b>	<b>269,881</b>
<b>General Purpose</b>					
Adults and Health Committee	12,542	12,766	15,016	15,016	15,016
Children and Families Committee	498	6,939	8,289	8,289	8,289
Corporate Policy Committee	25,160	7,047	6,222	3,222	3,222
Economy and Growth Committee	0	0	0	0	0
Environment and Communities Committee	35	0	0	0	0
Highways and Transport Committee	13	0	0	0	0
<b>Total General Purpose Grants</b>	<b>38,248</b>	<b>26,752</b>	<b>29,527</b>	<b>26,527</b>	<b>26,527</b>
<b>Total Grant Funding</b>	<b>340,093</b>	<b>301,158</b>	<b>302,078</b>	<b>296,441</b>	<b>296,408</b>

## Adults and Health Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
<b>SPECIFIC USE (Held within Services)</b>							
<b>Adults and Health Committee<sup>(1)</sup></b>							
Additional Better Care (for Adult Social Care)	2,039.256	8,706	8,706	8,706	8,706	8,706	Allocated direct to service
Market Sustainability and Fair Cost of Care Fund	162.000	979	979	979	0	0	Allocated direct to service
Market Sustainability and Fair Cost of Care Fund - topup	not available	0	2,400	4,080	4,080	4,080	Allocated direct to service
Implementation support grant	15.467	98	0	0	0	0	Allocated direct to service
Trailblazer support funding	0.805	162	0	0	0	0	Allocated direct to service
Early assessment funding allocation Part 1	2.127	585	0	0	0	0	Allocated direct to service
Discharge Fund	3,000	1,200	1,200	2,000	2,000	2,000	Allocated direct to service
Multiply - Supported Employment	not available	462	0	0	0	0	Allocated direct to service
Supported Internship Grant	not available	14	29	29	0	0	Allocated direct to service
Syrian Resettlement Programme - brought forward	not available	39	0	0	0	0	Allocated direct to service
Afghan Wrap Around support - brought forward	not available	146	910	0	0	0	Allocated direct to service
Afghan Resettlement support - brought forward	not available	263	288	94	0	0	Allocated direct to service
Homes for Ukraine Scheme	not available	9,450	0	0	0	0	Allocated direct to service
Private Finance Initiative (PFI) credits	not available	4,125	4,125	4,125	4,125	4,125	Allocated direct to service
Journey First and Parents First (originally provided by the European Social Fund but now DWP)	not available	2,500	0	0	0	0	Allocated direct to service
COVID-19 Shielding Grant for the Clinically Extremely Vulnerable Cohort - brought forward	not available	485	0	0	0	0	Allocated direct to service
COVID-19 Emergency Assistance Grant for Food & Essential Supplies - brought forward	not available	40	0	0	0	0	Allocated direct to service
<b>Total</b>		<b>29,254</b>	<b>18,636</b>	<b>20,013</b>	<b>18,911</b>	<b>18,911</b>	

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
<b>Adults and Health Committee - Public Health</b>							
Public Health Grant	3,417.400	17,405	17,405	17,405	17,405	17,405	Allocated direct to service
CHAMPS TTCE contact tracer staff - ICT Workforce: Contract Extension Funding	not available	149	0	0	0	0	Allocated direct to service
COVID-19 COMF & T&T - brought forward	not available	5,341	0	0	0	0	Allocated direct to service
DHSC Additional drug and alcohol treatment funding allocations: 2022 to 2023	101.200	347	353	0	0	0	Allocated direct to service
North West Probation Service funding for SMS rehabilitative and resettlement interventions	not available	77	114	0	0	0	Allocated direct to service
CHAMPS Marmot Place Funding - encourage pregnant women to stop smoking	not available	21	0	0	0	0	Allocated direct to service
CHAMPS SMS - inpatient detox	9.740	30	46	0	0	0	Allocated direct to service
CHAMPS Mouth Care Matters programme - to be confirmed	not available	10	0	0	0	0	Allocated direct to service
<b>Total</b>		<b>23,380</b>	<b>17,918</b>	<b>17,405</b>	<b>17,405</b>	<b>17,405</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>							
<b>Adults and Health Committee</b>							
Social Care Support Grant	2,346.368	11,341	12,426	14,676	14,676	14,676	Unring-fenced Grant - Held Centrally
Independent Living Fund	160.600	861	0	0	0	0	Unring-fenced Grant - Held Centrally
Local Reform & Community Voices	34.410	213	207	207	207	207	Unring-fenced Grant - Held Centrally
Social Care in Prisons	10.950	71	73	73	73	73	Unring-fenced Grant - Held Centrally
War Pension Scheme Disregard	12.000	56	60	60	60	60	Unring-fenced Grant - Held Centrally
<b>Total</b>		<b>12,542</b>	<b>12,766</b>	<b>15,016</b>	<b>15,016</b>	<b>15,016</b>	
<b>Total Adults and Health Committee</b>		<b>65,176</b>	<b>49,320</b>	<b>52,434</b>	<b>51,332</b>	<b>51,332</b>	

(1) In respect of Private Finance Initiatives (PFI), Cheshire East Council are currently reflecting the total PFI grant monies received, even though Beechmere Extra Care Housing building, which was destroyed in a fire, no longer stands. No agreement has been reached with the HM Treasury on any possible reduction of grant income and Cheshire East Council continues to pay the residual unitary charge excluding Beechmere to Avantage. Discussions are continuing with the private sector partner, who has recently restructured, along with other relevant stakeholders, for example Central Government and the Nationwide Building Society, with regard to both the reinstatement of Beechmere and the remediation of the other four sites which make up the PFI scheme.

## Children and Families Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
<b>SPECIFIC USE (Held within Services)</b>							
<b>Children and Families Committee - Schools</b>							
Dedicated Schools Grant		331,867	354,520	354,520	354,520	354,520	
Less Academy Recoupment		189,061	189,061	189,061	189,061	189,061	
Dedicated Schools Grant (Cheshire East)	53,651.489	142,806	165,459	165,459	165,459	165,459	Allocated direct to service
Pupil Premium Grant	2,683.555	4,500	4,500	4,500	4,500	4,500	Allocated direct to service
Sixth Forms Grant	not available	2,729	2,729	2,729	2,729	2,729	Allocated direct to service
Universal Infant Free School Meals (UIFSM)	not available	1,732	1,732	1,732	1,732	1,732	Allocated direct to service
Primary Physical Education Sports Grant	324.111	981	981	981	981	981	Allocated direct to service
Teachers Pay Grant	not available	12	0	0	0	0	Allocated direct to service
Teachers Pension Grant	not available	99	0	0	0	0	Allocated direct to service
COVID-19 Recovery Premium	not available	447	0	0	0	0	Allocated direct to service
School Led Tutoring Grant	not available	279	0	0	0	0	Allocated direct to service
School Improvement Monitoring & Brokering Grant	not available	98	0	0	0	0	Allocated direct to service
Milk Subsidy	not available	18	10	10	10	10	Allocated direct to service
Schools Supplementary Grant	not available	2,072	2,548	2,548	2,548	2,548	Allocated direct to service
Senior Mental Health Lead Training Grant	not available	5	0	0	0	0	Allocated direct to service
Newly Qualified Teachers (Education Recovery 5% Time off Timetable)	not available	58	0	0	0	0	Allocated direct to service
Delivering Better Value in SEND	not available	45	1,200	0	0	0	Allocated direct to service
COVID-19 Workforce Fund	not available	22	0	0	0	0	Allocated direct to service
Apprentice Incentive Scheme	not available	1	0	0	0	0	Allocated direct to service
Digital Education Platform	not available	1	0	0	0	0	Allocated direct to service
Mass Testing	not available	9	0	0	0	0	Allocated direct to service
Vaccination funding	not available	9	0	0	0	0	Allocated direct to service
<b>Total</b>		<b>155,923</b>	<b>179,159</b>	<b>177,959</b>	<b>177,959</b>	<b>177,959</b>	

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
<b>Children and Families Committee</b>							
Asylum Seekers	not available	1,411	788	788	788	788	Allocated direct to service
Tackling Troubled Families (Payments by Results)	not available	238	0	0	0	0	Allocated direct to service
Supporting Families PBR Upfront Grant	not available	719	719	719	719	719	Allocated direct to service
Reducing Parental Conflict Grant	not available	36	0	0	0	0	Allocated direct to service
Adoption Support Fund	not available	36	28	28	28	28	Allocated direct to service
KS2 Moderation & Phonics	not available	11	11	11	11	11	Allocated direct to service
NHS Cheshire CCG Grant to fund CEIAS Services	not available	26	10	10	10	10	Allocated direct to service
Skills & Lifelong Learning	not available	903	903	903	903	903	Allocated direct to service
Remand Grant	not available	75	20	20	20	20	Allocated direct to service
Domestic Abuse Safe Accommodation Housing Grant	124.998	650	650	650	650	650	Allocated direct to service
Holiday Activities & Food Grant Programme	201.100	879	900	900	900	900	Allocated direct to service
Extension of the Role of Virtual School Heads to children with a social worker Implementation	not available	118	118	118	118	118	Allocated direct to service
Homes for Ukraine, education and childcare elements	not available	1,508	0	0	0	0	Allocated direct to service
Household Support Fund	not available	4,408	4,400	4,400	4,400	4,400	Allocated direct to service
Hong Kong UK Welcome Programme (British Nationals)	not available	14	0	0	0	0	Allocated direct to service
Early Years Professional Development programme	not available	21	0	0	0	0	Allocated direct to service
Early Years - Experts and Mentors Programme	not available	2	0	0	0	0	Allocated direct to service
Family Hubs Transformation Funding	not available	335	0	0	0	0	Allocated direct to service
<b>Total</b>		<b>11,390</b>	<b>8,547</b>	<b>8,547</b>	<b>8,547</b>	<b>8,547</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>							
<b>Children and Families Committee</b>							
Social Care Support Grant	not available	0	6,939	8,289	8,289	8,289	Unring-fenced Grant - Held Centrally
Staying Put Implementation Grant	99.834	130	0	0	0	0	Unring-fenced Grant - Held Centrally
Extended Rights to Free Transport (Home to School Transport)	43.311	250	0	0	0	0	Unring-fenced Grant - Held Centrally
Extended Personal Adviser Duty Implementation	12.118	57	0	0	0	0	Unring-fenced Grant - Held Centrally
Extension of the role of Virtual School Heads	not available	61	0	0	0	0	Unring-fenced Grant - Held Centrally
<b>Total</b>		<b>498</b>	<b>6,939</b>	<b>8,289</b>	<b>8,289</b>	<b>8,289</b>	
<b>Total Children and Families Committee</b>		<b>167,811</b>	<b>194,645</b>	<b>194,795</b>	<b>194,795</b>	<b>194,795</b>	

## Corporate Policy Committee

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

## Economy and Growth Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
<b>SPECIFIC USE (Held within Services)</b>							
<b>Economy and Growth Committee</b>							
Rough Sleeping Initiative	not available	231	0	0	0	0	Allocated direct to service
Homelessness Prevention Grant	315.800	582	0	0	0	0	Allocated direct to service
Housing Winter Grant	not available	90	0	0	0	0	Allocated direct to service
Shared Prosperity Fund	2,600.000	1,226	0	0	0	0	Allocated direct to service
Local Enterprise Partnership (LEP): Core Funding	not available	375	375	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Growth Hub Funding	not available	231	231	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11	not available	520	500	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Skills Advisory Panel	not available	56	0	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Local Digital Skills Partnership Catalyst grant	not available	56	0	0	0	0	Passported to providers
Local Enterprise Partnership (LEP): Skills Bootcamp	not available	1,037	1,500	1,500	0	0	Passported to providers
Innovate UK / Adapt - brought forward	not available	102	0	0	0	0	Allocated direct to service
First Trenitalia West Coast Rail Limited	not available	50	0	0	0	0	Allocated direct to service
COVID-19 Welcome Back Fund (Opening High Streets) - brought forward	not available	162	0	0	0	0	Allocated direct to service
<b>Total</b>		<b>4,718</b>	<b>2,606</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	
<b>Total Economy and Growth Committee</b>		<b>4,718</b>	<b>2,606</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	

## Environment and Communities Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
<b>SPECIFIC USE (Held within Services)</b>							
<b>Environment and Communities Committee</b>							
Bikeability Grant	not available	240	240	0	0	0	Passported to providers
Enforcement Grant (Planning) - brought forward	not available	30	0	0	0	0	Allocated direct to service
Air Quality Grant - brought forward	not available	18	0	0	0	0	Allocated direct to service
Air Quality Grant scheme	not available	55	0	0	0	0	Allocated direct to service
Offensive weapons	not available	4	0	0	0	0	Allocated direct to service
Cosmetic fillers	not available	7	0	0	0	0	Allocated direct to service
Food Information Grant - Natasha's Law - brought forward	not available	1	0	0	0	0	Allocated direct to service
Food Information Grant - Natasha's Law	not available	10	0	0	0	0	Allocated direct to service
Section 31 grant - Biodiversity net gain	not available	20	0	0	0	0	Allocated direct to service
Natural England - Stewardship scheme	not available	2	0	0	0	0	Allocated direct to service
<b>Total</b>		<b>387</b>	<b>240</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>							
<b>Environment and Communities</b>							
Neighbourhood Planning Grant	not available	35	0	0	0	0	Unring-fenced Grant - Held Centrally
<b>Total</b>		<b>35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Environment and Communities Committee</b>		<b>422</b>	<b>240</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Highways and Transport Committee

Corporate Grants Register 2023-27	National Allocation 2022/23 £m	Revised Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Treatment by CEC
<b>SPECIFIC USE (Held within Services)</b>							
<b>Highways and Transport Committee</b>							
Bus Service Operators Grant	not available	348	0	0	0	0	Allocated direct to service
Bus Capacity Grant - brought forward	not available	326	0	0	0	0	Allocated direct to service
Bus Capacity Grant	not available	574	0	0	0	0	Allocated direct to service
Better Deal for Buses - Supported Bus Services - brought forward	not available	320	0	0	0	0	Allocated direct to service
Better Deal for Buses - Rural Mobility Grant - brought forward	not available	5	0	0	0	0	Allocated direct to service
Bus Service Improvement Fund - brought forward	not available	7	0	0	0	0	Allocated direct to service
Local Authority Capability Fund - brought forward	15.385	132	0	0	0	0	Allocated direct to service
Active Travel Social Prescribing Grant - brought forward	2.231	42	0	0	0	0	Allocated direct to service
Active Travel Capability Fund	not available	143	0	0	0	0	Allocated direct to service
Mini Holland Feasibility - brought forward	83.395	79	0	0	0	0	Allocated direct to service
On Street Residential Chargepoint Scheme (ORCS)	not available	0	0	0	0	0	Allocated direct to service
LTA Enhanced Bus Partnership Grant	10.824	171	0	0	0	0	Allocated direct to service
Rural Mobility Fund - brought forward	not available	1,020	0	0	0	0	Allocated direct to service
<b>Total</b>		<b>3,167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>							
<b>Highways and Transport</b>							
Pavement Licensing - New Burdens	not available	13	0	0	0	0	Unring-fenced Grant - Held Centrally
<b>Total</b>		<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Highways and Transport Committee</b>		<b>3,180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

# 8. Capital Grant Funding

## Adults and Health Committee

	Expected Receipt 2023/24 £000	Application of Grants in 2023/24 £000	Expected Receipt 2024/25 £000	Application of Grants in 2024/25 £000	Expected Receipt 2025/26 £000	Application of Grants in 2025/26 £000	Expected Receipt 2026/27 £000	Application of Grants in 2026/27 £000
<b>SPECIFIC PURPOSE (Held Corporately)</b>								
<b>ADULTS &amp; HEALTH</b>								
<b>Care4ce</b>								
Adults Social Care Grant	0	83	0	0	0	0	0	0
<b>TOTAL ADULTS &amp; HEALTH</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Children and Families Committee

	Expected Receipt 2023/24	Application of Grants in 2023/24	Expected Receipt 2024/25	Application of Grants in 2024/25	Expected Receipt 2025/26	Application of Grants in 2025/26	Expected Receipt 2026/27	Application of Grants in 2026/27
	£000	£000	£000	£000	£000	£000	£000	£000
<b>CHILDREN &amp; FAMILIES</b>								
<b>Education and 14-19 Skills</b>								
Crewe Towns Funding	1,317	1,317	0	0	0	0	0	0
Early Years Sufficiency Fund - 2018/19	0	13	0	0	0	0	0	0
High Needs/Special Educational Needs Grant	3,820	3,345	0	1,720	0	0	0	0
School Condition Grant	2,000	4,370	2,000	2,036	2,000	2,000	2,000	2,000
Devolved Formula Capital Grant	350	350	340	340	330	330	310	310
Basic Need Grant	10,612	29,250	4,044	19,839	0	4,361	0	0
<b>TOTAL CHILDREN &amp; FAMILIES</b>	<b>18,098</b>	<b>38,645</b>	<b>6,384</b>	<b>23,935</b>	<b>2,330</b>	<b>6,691</b>	<b>2,310</b>	<b>2,310</b>

## Economy and Growth Committee

	Expected Receipt 2023/24 £000	Application of Grants in 2023/24 £000	Expected Receipt 2024/25 £000	Application of Grants in 2024/25 £000	Expected Receipt 2025/26 £000	Application of Grants in 2025/26 £000	Expected Receipt 2026/27 £000	Application of Grants in 2026/27 £000
<b>ECONOMY &amp; GROWTH</b>								
Connecting Cheshire Digital 2020 - Super Fast Broadband	2,574	2,574	2,238	2,238	1,000	1,000	0	0
Crewe Towns Funding	3,893	3,893	9,000	9,000	5,810	5,810	0	0
Disabled Facilities Grant	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342
Future High Street Funding	3,908	3,908	2,817	2,817	0	0	0	0
Handforth Heat Network	5,420	5,420	0	0	0	0	0	0
Homes England Grant - Gypsy Traveller Site	700	700	0	0	0	0	0	0
Homes England Grant - North Cheshire Garden Village	12,300	12,300	8,932	8,932	0	0	0	0
PROW CMM A6 MARR	0	93	0	0	0	0	0	0
Schools Capital Maintenance	0	1,490	0	0	0	0	0	0
Homes England Grant - South Macclesfield Development Area	0	0	10,000	10,000	0	0	0	0
<b>TOTAL ECONOMY &amp; GROWTH</b>	<b>31,137</b>	<b>32,720</b>	<b>35,329</b>	<b>35,329</b>	<b>9,152</b>	<b>9,152</b>	<b>2,342</b>	<b>2,342</b>

## Environment and Communities Committee

	Expected Receipt 2023/24	Application of Grants in 2023/24	Expected Receipt 2024/25	Application of Grants in 2024/25	Expected Receipt 2025/26	Application of Grants in 2025/26	Expected Receipt 2026/27	Application of Grants in 2026/27
	£000	£000	£000	£000	£000	£000	£000	£000
<b>ENVIRONMENT &amp; COMMUNITIES</b>								
Future High Street Funding	2,275	2,275	0	0	0	0	0	0
Barony Skate Park - FCC Grant Funding	100	100	0	0	0	0	0	0
<b>TOTAL ENVIRONMENT &amp; COMMUNITIES</b>	<b>2,375</b>	<b>2,375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Highways and Transport Committee

	Expected Receipt 2023/24	Application of Grants in 2023/24	Expected Receipt 2024/25	Application of Grants in 2024/25	Expected Receipt 2025/26	Application of Grants in 2025/26	Expected Receipt 2026/27	Application of Grants in 2026/27
	£000	£000	£000	£000	£000	£000	£000	£000
<b>HIGHWAYS &amp; TRANSPORT</b>								
Department for Transport S31 Grant - A500	1,627	1,627	26,990	26,990	23,066	23,066	0	0
Department of Transport Incentive Fund	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Department of Transport Integrated Transport Grant	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
Department of Transport Maintenance Grant	5,799	6,177	5,799	5,799	5,799	5,799	5,799	5,799
Department of Transport Pothole Funding	5,799	5,799	5,799	5,799	5,799	5,799	5,799	5,799
Department of Transport S31 Grant - Middlewich Eastern Bypass	11,091	11,091	13,817	13,817	15,065	15,065	0	0
Future High Street Funding	2,085	2,085	2,251	2,251	304	304	0	0
Housing Infrastructure Fund (MHCLG) - Northwest Crewe Package	7,374	7,374	0	0	0	0	0	0
National Productivity Investment Fund (NPIF) - Flower Pot Junction, Macclesfield	1,944	1,944	0	0	0	0	0	0
Department for Transport - Safer Road Fund A532	0	476	0	0	0	0	0	0
Department for Transport - Safer Road Fund A536	0	250	0	0	0	0	0	0
Office for Zero Emission Vehicles	105	105	0	0	0	0	0	0
Local Growth Fund - Sustainable Travel Access Programme	765	765	0	0	0	0	0	0
<b>TOTAL HIGHWAYS &amp; TRANSPORT</b>	<b>40,042</b>	<b>41,146</b>	<b>58,109</b>	<b>58,109</b>	<b>53,486</b>	<b>53,486</b>	<b>15,051</b>	<b>15,051</b>
<b>TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING</b>	<b>89,754</b>	<b>114,969</b>	<b>99,822</b>	<b>117,373</b>	<b>64,968</b>	<b>69,329</b>	<b>19,703</b>	<b>19,703</b>

# 9. Financial Summary Tables (Revenue)

9.1 The 2022/23 Budget, shown as the starting point for the following tables, takes account of any permanent changes made during the 2022/23 financial year to date. There may be differences from the budget position in the [2022/23 Financial Review Update](#) which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

	2022/23 Net Revised Budget £000	Less 2022/23 Temporary Grant Budgets £000	Other Budget Amendments £000	2023/24 Base Budget £000
<b>ADULTS AND HEALTH</b>				
Adult Social Care - Operations	117,515	(43)	(22)	117,450
Commissioning	3,638	-	(30)	3,608
Public Health	-	-	-	-
	<b>121,153</b>	<b>(43)</b>	<b>(52)</b>	<b>121,058</b>
<b>CHILDREN AND FAMILIES</b>				
Directorate	1,006	-	(107)	899
Children's Social Care	47,023	(187)	-	46,836
Prevention & Early Help	7,687	-	(92)	7,595
Education & 14-19 Skills	18,541	(311)	(57)	18,173
	<b>74,257</b>	<b>(498)</b>	<b>(256)</b>	<b>73,503</b>
<b>CORPORATE POLICY</b>				
Directorate	1,395	-	(960)	435
Finance & Customer Services	12,516	(111)	169	12,574
Governance and Compliance Services	11,922	-	(1,503)	10,419
Communications	673	-	17	690
HR	2,423	-	41	2,464
ICT	9,752	-	148	9,900
Policy and Change	1,918	-	37	1,955
	<b>40,599</b>	<b>(111)</b>	<b>(2,051)</b>	<b>38,437</b>

	2022/23 Net Revised Budget £000	Less 2022/23 Temporary Grant Budgets £000	Other Budget Amendments £000	2023/24 Base Budget £000
<b>ENVIRONMENT AND COMMUNITIES</b>				
Environment & Neighbourhood Services	44,409	(10)	(47)	44,352
	44,409	(10)	(47)	44,352
<b>ECONOMY AND GROWTH</b>				
Directorate	832	-	14	846
Growth & Enterprise	22,822	-	(292)	22,530
	23,654	-	(278)	23,376
<b>HIGHWAYS AND TRANSPORT</b>				
Highways & Infrastructure	13,792	(13)	(1,883)	11,896
	13,792	(13)	(1,883)	11,896
<b>TOTAL SERVICE BUDGET</b>	<b>317,864</b>	<b>(675)</b>	<b>(4,567)</b>	<b>312,622</b>

	2022/23 Net Revised Budget £000	Less 2022/23 Temporary Grant Budgets £000	Other Budget Amendments £000	2023/24 Base Budget £000
<b>FINANCE SUB CENTRAL BUDGETS</b>				
Capital Financing	19,000	-	-	19,000
Past Service Pensions	(5,350)	-	-	(5,350)
Other Income/Expenditure	(47)	-	49	2
Credit Losses	150	-	-	150
Contribution to / from Reserves	(3,212)	-	4,518	1,306
	10,541	-	4,567	15,108
<b>TOTAL BUDGET</b>	<b>328,405</b>	<b>(675)</b>	<b>-</b>	<b>327,730</b>
<b>FINANCE SUB CENTRAL BUDGETS FUNDING</b>				
Business Rates Retention Scheme	(49,086)	-	-	(49,086)
Specific Grants	(24,637)	675	-	(23,962)
Council Tax	(254,682)	-	-	(254,682)
<b>TOTAL CENTRAL BUDGETS FUNDING</b>	<b>(328,405)</b>	<b>675</b>	<b>-</b>	<b>(327,730)</b>
<b>FUNDING POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# CHESHIRE EAST COUNCIL - Summary

# REVENUE BUDGET

	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
	Expenditure	Income	Net	Net	Net	Net
	£000	£000	£000	£000	£000	£000
<b>Directorate</b>						
Adults and Health Committee	201,476	-65,144	136,332	142,409	147,160	152,276
Children and Families Committee	88,774	-9,649	79,125	82,005	84,624	87,906
Corporate Policy Committee	114,842	-73,854	40,988	41,973	40,211	41,076
Economy and Growth Committee	36,216	-11,172	25,044	27,589	28,184	30,093
Environment and Communities Committee	58,959	-10,638	48,321	47,893	48,730	50,426
Highways and Transport Committee	23,262	-12,255	11,007	12,501	12,598	12,754
<b>Total Service Budgets</b>	<b>523,529</b>	<b>-182,712</b>	<b>340,817</b>	<b>354,370</b>	<b>361,507</b>	<b>374,531</b>
Finance Sub Committee	14,209	-1,900	12,309	18,372	19,946	18,756
<b>Total Cost of Service</b>	<b>537,738</b>	<b>-184,612</b>	<b>353,126</b>	<b>372,742</b>	<b>381,453</b>	<b>393,287</b>
	<b>Policy Proposals included above</b>					
<b>Policy Proposals</b>						
Adults and Health Committee	22,653	-7,379	15,274	6,077	4,751	5,116
Children and Families Committee	11,153	-5,530	5,623	2,880	2,619	3,282
Corporate Policy Committee	2,570	-19	2,551	985	-1,762	865
Economy and Growth Committee	1,722	-55	1,667	2,545	595	1,909
Environment and Communities Committee	4,243	-275	3,968	-428	837	1,696
Finance Sub Committee	-1,798	-1,000	-2,798	6,063	1,574	-1,190
Highways and Transport Committee	-484	-405	-889	1,494	97	156
<b>Financial Impact of Policy Proposals</b>	<b>40,059</b>	<b>-14,663</b>	<b>25,396</b>	<b>19,616</b>	<b>8,711</b>	<b>11,834</b>

## ADULTS and HEALTH COMMITTEE - Summary

## REVENUE BUDGET

Service Area	Budget including Policy Proposals					
	2023/24	2023/24	Net	2024/25	2025/26	2026/27
	Expenditure	Income	Net	Net	Net	Net
	£000	£000	£000	£000	£000	£000
Adult Social Care Operations	171,604	-37,393	134,211	138,860	143,554	148,558
Commissioning	12,177	-10,056	2,121	3,549	3,606	3,718
Public Health	17,695	-17,695	0			
<b>Total Cost of Service</b>	<b>201,476</b>	<b>-65,144</b>	<b>136,332</b>	<b>142,409</b>	<b>147,160</b>	<b>152,276</b>
	Policy Proposals included above					
Adult Social Care Operations	23,290	-6,529	16,761	4,649	4,694	5,004
Commissioning	-637	-850	-1,487	1,428	57	112
Public Health			0			
<b>Financial Impact of Policy Proposals</b>	<b>22,653</b>	<b>-7,379</b>	<b>15,274</b>	<b>6,077</b>	<b>4,751</b>	<b>5,116</b>

## ADULTS and HEALTH - Adult Social Care Operations

## REVENUE BUDGET

		Budget including Policy Proposals					
Service Area	Aim Reference	2023/24			2024/25	2025/26	2026/27
		Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Care4CE		20,375	-4,489	15,886	15,886	15,886	15,886
Community Care – Locality Teams		87,580	-25,148	62,432	64,740	66,973	69,110
Community Care – Short Term Intervention		2,063		2,063	2,063	2,063	2,063
Adult Social Care Operations		1,308	-970	338	338	338	338
Mental Health and Learning Disability		57,812	-6,735	51,077	52,720	54,666	56,529
Adult Safeguarding		1,501	-51	1,450	1,450	1,450	1,450
Pension Costs Adjustment		-1,872		-1,872	-2,315	-2,780	-2,780
Pay Inflation		2,837		2,837	3,978	4,958	5,962
<b>Total Cost of Service</b>		<b>171,604</b>	<b>-37,393</b>	<b>134,211</b>	<b>138,860</b>	<b>143,554</b>	<b>148,558</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Investment in Adult Social Care	Fair	5,400		5,400	7,600	4,000	4,000
Care Fee Uplifts in Adult Social Care	Fair	2,000		2,000			
Demand in Adult Social Care - complexity	Fair	10,351		10,351			
Demand in Adult Social Care - unit cost inflation	Fair	12,652		12,652			
Direct Payment (Personal Assistants) Uplift	Fair	691		691			
Communities Team	Fair	-750		-750			
Learning Disabilities Future Service Development and Review	Fair	-1,750		-1,750			
Day Care Review	Fair	-150		-150			
Productivity and Efficiency in Adult Social Care	Open	-271		-271			
Home First Strategy - alternative care provisions	Fair	-1,000		-1,000			
Home First Strategy - increased care at home capacity	Fair	-4,000		-4,000			
Market Sustainability and Fair Cost of Care - Grant Income	Open		-979	-979		979	
Revenue grants for Adult Social Care	Open		-3,600	-3,600	-2,480		
Client contribution yield offsetting growth	Fair		-1,200	-1,200	-800	-800	
Maximisation of Supported Living	Fair	-369		-369	-369		
Building Based Short Breaks	Fair	-250		-250			
Building Based Day Services	Fair	-229		-229			
Direct Payment - Audit Recoveries	Fair		-750	-750			
Pension Costs Adjustment	Open	-1,872		-1,872	-443	-465	
Pay inflation	Open	2,837		2,837	1,141	980	1,004
<b>Financial Impact of Policy Proposals</b>		<b>23,290</b>	<b>-6,529</b>	<b>16,761</b>	<b>4,649</b>	<b>4,694</b>	<b>5,004</b>

# ADULTS and HEALTH - Commissioning

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Integrated Commissioning		4,505	-3,348	1,156	1,656	1,656	1,656
Adult Social Care Commissioning		-1,282	-2,253	-3,535	-2,685	-2,685	-2,685
Contract Management and Quality		7,930	-4,295	3,635	3,635	3,635	3,635
Children's Commissioning		917	-160	757	757	757	757
Pension Costs Adjustment		-210		-210	-260	-312	-312
Pay Inflation		318		318	446	555	667
<b>Total Cost of Service</b>		<b>12,177</b>	<b>-10,056</b>	<b>2,121</b>	<b>3,549</b>	<b>3,606</b>	<b>3,718</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Adults and Health Non-Essential Commissioning / Contracts	Open	-245		-245			
Resettlement Revenue Grants	Open		-850	-850	850		
ASC Transformation EMR Release	Open	-500		-500	500		
Pension Costs Adjustment	Open	-210		-210	-50	-52	
Pay Inflation	Open	318		318	128	109	112
<b>Financial Impact of Policy Proposals</b>		<b>-637</b>	<b>-850</b>	<b>-1,487</b>	<b>1,428</b>	<b>57</b>	<b>112</b>

# ADULTS and HEALTH - Public Health

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Intelligence and Health Care		17,423		17,423	17,423	17,423	17,423
Health Improvement		272		272	272	272	272
Grant Income			-17,695	-17,695	-17,695	-17,695	-17,695
<b>Total Cost of Service</b>		<b>17,695</b>	<b>-17,695</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
<b>Financial Impact of Policy Proposals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# CHILDREN and FAMILIES COMMITTEE - Summary

# REVENUE BUDGET

Budget including Policy Proposals						
Service Area	2023/24			2024/25	2025/26	2026/27
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate	179	-220	-41	1,189	1,558	2,440
Children's Social Care	50,955	-1,477	49,478	51,278	52,978	54,578
Education and 14-19 Skills	25,271	-2,528	22,743	22,693	23,243	24,043
Strong Start, Family Help & Integration	12,369	-5,424	6,945	6,845	6,845	6,845
<b>Total Cost of Service</b>	<b>88,774</b>	<b>-9,649</b>	<b>79,125</b>	<b>82,005</b>	<b>84,624</b>	<b>87,906</b>

Policy Proposals included above						
Policy Proposals						
Directorate	-940		-940	1,230	369	882
Children's Social Care	2,643		2,643	1,800	1,700	1,600
Education and 14-19 Skills	4,800	-230	4,570	-50	550	800
Strong Start, Family Help & Integration	4,650	-5,300	-650	-100		
<b>Financial Impact of Policy Proposals</b>	<b>11,153</b>	<b>-5,530</b>	<b>5,623</b>	<b>2,880</b>	<b>2,619</b>	<b>3,282</b>

# CHILDREN and FAMILIES - Directorate

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate		-2,880	-220	-3,100	-3,100	-3,787	-3,987
Pay Inflation		3,059		3,059	4,289	5,345	6,427
<b>Total Cost of Service</b>		<b>179</b>	<b>-220</b>	<b>-41</b>	<b>1,189</b>	<b>1,558</b>	<b>2,440</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Reverse travel savings	Open	430		430			
Integrated Children's Service Strategy	Open	-950		-950	-500	-200	-200
Review of commissioned services across the Children and Families Directorate.	Open	-450		-450	-100		
Use of Children & Families Transformation Reserve - estimated balance	Open	-1,065		-1,065	1,065		
Pension Costs Adjustment	Open	-1,964		-1,964	-465	-487	
Pay Inflation	Open	3,059		3,059	1,230	1,056	1,082
<b>Financial Impact of Policy Proposals</b>		<b>-940</b>	<b>0</b>	<b>-940</b>	<b>1,230</b>	<b>369</b>	<b>882</b>

# CHILDREN and FAMILIES - Children's Social Care

# REVENUE BUDGET

		Budget including Policy Proposals				
		2023/24		2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000
Cared for Children and Care Leavers		26,791	-805	25,986	27,786	29,486
Fostering		7,693		7,693	7,693	7,693
Children in Need, Child Protection and Children with Disabilities		11,980	-633	11,347	11,347	11,347
Children's Safeguarding		2,058	-39	2,019	2,019	2,019
Children's Contracts		1,348		1,348	1,348	1,348
Head of Service		1,085		1,085	1,085	2,685
<b>Total Cost of Service</b>		<b>50,955</b>	<b>-1,477</b>	<b>49,478</b>	<b>51,278</b>	<b>54,578</b>
		Policy Proposals included above				
<b>Policy Proposals</b>						
Growth in Children's Social Care	Fair	1,900		1,900	1,800	1,700
Recognise pressures in the Children's Social Care direct payments budget	Open	743		743		
<b>Financial Impact of Policy Proposals</b>		<b>2,643</b>	<b>0</b>	<b>2,643</b>	<b>1,800</b>	<b>1,700</b>

# CHILDREN and FAMILIES - Education and 14-19 Skills

# REVENUE BUDGET

		Budget including Policy Proposals				
		2023/24		2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000
Education Infrastructure and Outcomes		2,877	-2,457	420	420	420
Client Commissioning - Transport		15,055		15,055	15,055	16,455
Education Partnership and Pupil Support		817	-71	746	746	746
Head Of Service and Legacy Pension Costs		1,859		1,859	1,809	1,759
Skills and Lifelong Learning		30		30	30	30
Special Educational Needs and Disabilities		2,963		2,963	2,963	2,963
Educational Psychologists		1,670		1,670	1,670	1,670
<b>Total Cost of Service</b>		<b>25,271</b>	<b>-2,528</b>	<b>22,743</b>	<b>22,693</b>	<b>23,243</b>

		Policy Proposals included above				
<b>Policy Proposals</b>						
School transport pressures	Open	4,000		4,000		800
Reduce Legacy Pension commitments	Open	-100		-100	-50	-50
Review of funding streams and income opportunities within Education and Skills	Open		-230	-230		
Statutory Education Psychology Service	Open	600		600		
Increase capacity to support Statutory SEND service	Open	300		300		
Delivering Better Value in SEND grant	Open	-1,200		-1,200	1,200	
Delivering Better Value in SEND (funded from grant)	Open	1,200		1,200	-1,200	
<b>Financial Impact of Policy Proposals</b>		<b>4,800</b>	<b>-230</b>	<b>4,570</b>	<b>-50</b>	<b>800</b>

# CHILDREN and FAMILIES - Stong Start, Family Help & Integration

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Children's Development and Partnerships		374		374	374	374	374
Preventative Services		6,695	-124	6,571	6,471	6,471	6,471
Children's Prevention and Support		5,300	-5,300	0			
<b>Total Cost of Service</b>		<b>12,369</b>	<b>-5,424</b>	<b>6,945</b>	<b>6,845</b>	<b>6,845</b>	<b>6,845</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Children's Development and Partnerships service	Fair	-300		-300			
Revenue costs for the Crewe Youth Zone aligned to Supporting Families Funding	Fair			0		400	
Early Help budget to support funding towards the Crewe Youth Zone	Fair			0		-400	
Early Help Redesign	Open	-200		-200			
Deliver the Family Hub model	Fair	-150		-150	-100		
Holiday Activity Fund into the Council's base budget (funded from grant)	Open	900		900			
Holiday Activity Fund Grant	Open		-900	-900			
Household Support Fund into the Council's base budget (funded from grant)	Open	4,400		4,400			
Household Support Fund Grant	Open		-4,400	-4,400			
<b>Financial Impact of Policy Proposals</b>		<b>4,650</b>	<b>-5,300</b>	<b>-650</b>	<b>-100</b>	<b>0</b>	<b>0</b>

## CORPORATE POLICY COMMITTEE - Summary

## REVENUE BUDGET

Service Area	Budget including Policy Proposals					
	2023/24			2024/25	2025/26	2026/27
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate	2,128	-2	2,126	2,738	3,185	4,050
Finance and Customer Services	62,147	-49,580	12,567	12,464	12,464	12,464
Governance and Compliance Services	14,162	-3,818	10,344	10,344	10,344	10,344
Communications	700	-10	690	690	690	690
Human Resources	3,132	-668	2,464	2,464	2,464	2,464
ICT	29,630	-18,811	10,819	11,278	9,079	9,079
Policy and Change	2,943	-965	1,978	1,995	1,985	1,985
<b>Total Cost of Service</b>	<b>114,842</b>	<b>-73,854</b>	<b>40,988</b>	<b>41,973</b>	<b>40,211</b>	<b>41,076</b>

Policy Proposals	Policy Proposals included above					
	2023/24	2023/24	2023/24	2024/25	2025/26	2026/27
Directorate	1,591	100	1,691	612	447	865
Finance and Customer Services	-20	13	-7	-103		
Governance and Compliance Services	57	-132	-75			
Communications			0			
Human Resources			0			
ICT	919		919	459	-2,199	
Policy and Change	23		23	17	-10	
<b>Financial Impact of Policy Proposals</b>	<b>2,570</b>	<b>-19</b>	<b>2,551</b>	<b>985</b>	<b>-1,762</b>	<b>865</b>

## CORPORATE POLICY - Directorate

## REVENUE BUDGET

		Budget including Policy Proposals				
		2023/24		2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000
Chief Executive		308		308	308	308
Executive Director of Corporate Services		229	-2	227	227	227
Pension Credit Allocation		-996		-996	-1,374	-1,770
Review of Leadership				0	-50	-100
Pay Inflation (to be allocated)		2,587		2,587	3,627	4,520
<b>Total Cost of Service</b>		<b>2,128</b>	<b>-2</b>	<b>2,126</b>	<b>2,738</b>	<b>3,185</b>
		Policy Proposals included above				
<b>Policy Proposals</b>						
Pension Costs Adjustment	Open	-996		-996	-378	-396
Remove Commercial Workstream Income Target	Open		100	100		
Review of leadership and management, including MARS and redefine 'core offer'	Open			0	-50	-50
Pay Inflation (to be allocated)	Open	2,587		2,587	1,040	893
<b>Financial Impact of Policy Proposals</b>		<b>1,591</b>	<b>100</b>	<b>1,691</b>	<b>612</b>	<b>447</b>

## CORPORATE POLICY - Finance and Customer Services

## REVENUE BUDGET

		Budget including Policy Proposals				
		2023/24		2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000
Financial Services		1,110	-643	467	467	467
Financial Management		4,104	-167	3,937	3,937	3,937
Procurement		590	-30	560	607	607
Customer Services		56,343	-48,740	7,603	7,453	7,453
<b>Total Cost of Service</b>		<b>62,147</b>	<b>-49,580</b>	<b>12,567</b>	<b>12,464</b>	<b>12,464</b>
		Policy Proposals included above				
<b>Policy Proposals</b>						
Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	Open		13	13	-24	
Brighter Futures Together Programme Customer Experience	Open	-81		-81		
Revenue implications of capital: Vendor Management Phase 3 to drive improvements in procurement	Open	-89		-89	71	
Accelerate digital transformation / robotics and related Digital Savings	Open	150		150	-150	
<b>Financial Impact of Policy Proposals</b>		<b>-20</b>	<b>13</b>	<b>-7</b>	<b>-103</b>	<b>0</b>

# CORPORATE POLICY - Governance and Compliance Services

# REVENUE BUDGET

		Budget including Policy Proposals				
		2023/24		2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000
Governance and Democratic Services		6,152	-2,034	4,118	4,118	4,118
Legal Services		4,038	-639	3,399	3,399	3,399
Audit and Risk		3,824	-1,145	2,679	2,679	2,679
Director		148		148	148	148
<b>Total Cost of Service</b>		<b>14,162</b>	<b>-3,818</b>	<b>10,344</b>	<b>10,344</b>	<b>10,344</b>
		Policy Proposals included above				
<b>Policy Proposals</b>						
Coroners Restructure Costs	Open	60		60		
Reduce cost of Democracy	Open	-135		-135		
Elections Act 2022 additional costs (funded by New Burdens grant funding)	Open	132	-132	0		
<b>Financial Impact of Policy Proposals</b>		<b>57</b>	<b>-132</b>	<b>-75</b>	<b>0</b>	<b>0</b>

# CORPORATE POLICY - Communications

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Communications		700	-10	690	690	690	690
<b>Total Cost of Service</b>		<b>700</b>	<b>-10</b>	<b>690</b>	<b>690</b>	<b>690</b>	<b>690</b>
		Policy Proposals included above					
Policy Proposals							
<b>Financial Impact of Policy Proposals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# CORPORATE POLICY - Human Resources

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Human Resources		3,132	-668	2,464	2,464	2,464	2,464
<b>Total Cost of Service</b>		<b>3,132</b>	<b>-668</b>	<b>2,464</b>	<b>2,464</b>	<b>2,464</b>	<b>2,464</b>
		Policy Proposals included above					
Policy Proposals							
<b>Financial Impact of Policy Proposals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CORPORATE POLICY - ICT

## REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
ICT - Strategy		13,069	-2,250	10,819	11,278	9,079	9,079
ICT - Shared Service		16,561	-16,561	0			
<b>Total Cost of Service</b>		<b>29,630</b>	<b>-18,811</b>	<b>10,819</b>	<b>11,278</b>	<b>9,079</b>	<b>9,079</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Revenue implications of capital: IT Procurements and Application Lifecycle Management	Open	511		511	84	6	
Infrastructure Investment Programme	Open	239		239	23		
Mitigation of reduction in the Dedicated Schools Grant	Open	89		89	109		
Shared Services Review – move to hybrid model	Open	390		390	343	-2,205	
ICT Operational efficiencies	Open	-310		-310	-100		
<b>Financial Impact of Policy Proposals</b>		<b>919</b>	<b>0</b>	<b>919</b>	<b>459</b>	<b>-2,199</b>	<b>0</b>

## CORPORATE POLICY - Policy and Change

## REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Business Change		2,727	-965	1,762	1,789	1,789	1,789
Director of Transformation		216		216	206	196	196
<b>Total Cost of Service</b>		<b>2,943</b>	<b>-965</b>	<b>1,978</b>	<b>1,995</b>	<b>1,985</b>	<b>1,985</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Across the board efficiencies, including procurement, income generation	Open	-10		-10	-10	-10	
Mitigation of reduction in the Dedicated Schools Grant	Open	33		33	27		
<b>Financial Impact of Policy Proposals</b>		<b>23</b>	<b>0</b>	<b>23</b>	<b>17</b>	<b>-10</b>	<b>0</b>

# ECONOMY and GROWTH COMMITTEE - Summary

# REVENUE BUDGET

Budget including Policy Proposals						
Service Area	2023/24			2024/25	2025/26	2026/27
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate	2,458	-1,612	846	846	846	846
Growth and Enterprise	33,758	-9,560	24,198	26,743	27,338	29,247
<b>Total Cost of Service</b>	<b>36,216</b>	<b>-11,172</b>	<b>25,044</b>	<b>27,589</b>	<b>28,184</b>	<b>30,093</b>
Policy Proposals included above						
Policy Proposals						
Growth and Enterprise	1,722	-55	1,667	2,545	595	1,909
<b>Financial Impact of Policy Proposals</b>	<b>1,722</b>	<b>-55</b>	<b>1,667</b>	<b>2,545</b>	<b>595</b>	<b>1,909</b>

# ECONOMY and GROWTH - Directorate

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Directorate		766		766	766	766	766
Sub Regional		1,692	-1,612	80	80	80	80
<b>Total Cost of Service</b>		<b>2,458</b>	<b>-1,612</b>	<b>846</b>	<b>846</b>	<b>846</b>	<b>846</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
<b>Financial Impact of Policy Proposals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## ECONOMY and GROWTH - Growth and Enterprise

## REVENUE BUDGET

		Budget including Policy Proposals					
Service Area	Aim Reference	2023/24			2024/25	2025/26	2026/27
		Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Assets		2,073	-1,655	418	418	418	418
Growth and Enterprise Management		149		149	149	149	149
Facilities Management		15,837	-320	15,517	18,086	18,359	19,840
Farms		427	-785	-358	-358	-358	-358
Economic Development		1,756	-584	1,172	1,172	1,172	1,172
Housing		4,379	-1,320	3,059	3,094	3,094	3,094
Rural and Cultural Management		165		165	165	165	165
Tatton Park		5,023	-4,146	877	876	855	855
Public Rights of Way		751	-169	582	582	582	582
Cultural Economy		1,005		1,005	1,025	1,114	1,114
Countryside		1,256	-231	1,025	1,025	1,025	1,025
Visitor Economy		562	-350	212	192	192	192
Pay Inflation		375		375	317	571	999
<b>Total Cost of Service</b>		<b>33,758</b>	<b>-9,560</b>	<b>24,198</b>	<b>26,743</b>	<b>27,338</b>	<b>29,247</b>
		Policy Proposals included above					
Policy Proposals							
Rural and Visitor Economy	Green	165		165	45	-21	
Tatton Park	Green		-28	-28	-46		
Asset / Service Transfer	Green	-20		-20			
Transfer of Congleton Visitor Information Centre	Open	-10		-10	-20		
Investment in Public Rights of Way	Green	-100		-100			
Inflation in Utility costs and enhanced Carbon Management	Green	-1,500		-1,500			
Restructuring Potential	Open	-387		-387	-387		
Assets - Buildings and Operational	Open	2,480		2,480	3,119	423	1,481
Assets - Transactions	Open	50	-27	23			
Cultural	Open	72		72	20	89	
Housing	Fair			0	35		
Office Estate Rationalisation	Open	210		210	-550	-150	
Rates increase for Cheshire East properties	Open	343		343			
Rates increase from Collection Fund EMR	Open	-343		-343			
Pension Costs Adjustment	Open	-675		-675	-157	-164	
Pay Inflation	Open	1,437		1,437	486	418	428
<b>Financial Impact of Policy Proposals</b>		<b>1,722</b>	<b>-55</b>	<b>1,667</b>	<b>2,545</b>	<b>595</b>	<b>1,909</b>

# ENVIRONMENT and COMMUNITIES COMMITTEE - Summary

# REVENUE BUDGET

Budget including Policy Proposals						
Service Area	2023/24			2024/25	2025/26	2026/27
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Environment and Neighbourhood Services	58,959	-10,638	48,321	47,893	48,730	50,426
<b>Total Cost of Service</b>	<b>58,959</b>	<b>-10,638</b>	<b>48,321</b>	<b>47,893</b>	<b>48,730</b>	<b>50,426</b>
Policy Proposals included above						
Policy Proposals						
Environment and Neighbourhood Services	4,243	-275	3,968	-428	837	1,696
<b>Financial Impact of Policy Proposals</b>	<b>4,243</b>	<b>-275</b>	<b>3,968</b>	<b>-428</b>	<b>837</b>	<b>1,696</b>

## ENVIRONMENT and COMMUNITIES - Environment and Neighbourhood Services

## REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Director of Environmental & Neighbourhood Services		142		142	142	142	142
Development Management		4,453	-3,170	1,283	1,538	1,378	1,411
Building Control		1,176	-1,160	16	16	16	16
Local Land Charges and Planning Support		688	-595	93	93	93	93
Strategic Planning		805		805	805	805	805
Neighbourhood Planning		229	-175	54	54	54	54
Environmental		41,409	-3,923	37,486	35,453	35,878	36,616
Regulatory Services		3,932	-1,230	2,702	2,672	2,672	2,672
Libraries		3,649	-315	3,334	3,134	3,134	3,134
Leisure Commissioning		180		180	1,236	1,029	992
Emergency Planning		224	-58	166	166	166	166
Head of Neighbourhood Services & ASB/CEO		631	-12	619	619	619	619
Pay Inflation		1,441		1,441	1,965	2,744	3,706
<b>Total Cost of Service</b>		<b>58,959</b>	<b>-10,638</b>	<b>48,321</b>	<b>47,893</b>	<b>48,730</b>	<b>50,426</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Waste Disposal - Contract Inflation and Tonnage Growth	Green	4,976		4,976	989	402	721
Review of governance of Council Wholly Owned Companies and seeking increased opportunities for savings / commercial opportunities	Open	240		240			
Environment Strategy and Carbon Neutrality	Green	-61		-61			
Strategic Leisure Review	Open	-1,291		-1,291	1,056	-207	-37
Investment in improving the customer experience in Planning Services	Open	-500		-500			
Move to a single contractor to maintain all Council owned green spaces	Green	-75		-75			
Maintenance of green spaces	Green	-398		-398	-200		
Household Waste and Recycling Centres - introduce residency checks	Green	-21		-21			
Bereavement income / Orbitas management fee uplift	Open	175	-175	0			
Closed Cemeteries	Fair	93		93	5	5	5
Review Closed Landfill Sites	Green	-300		-300	300		
Libraries - Service Review	Open	-519		-519	-200		
Local Plan Review	Green	36		36	255	-160	33
Environmental Hub maintenance	Green	447		447	23	18	12
Review Waste Collection Service - Green Waste	Green		-900	-900	-3,150		
Planning and Building Control income	Green		800	800			
CCTV	Green			0	-30		
Pension Costs Adjustment	Green	-676		-676	-151	-159	
Restructuring Potential	Green	-500		-500	-268		
Pay Inflation	Open	2,617		2,617	943	938	962
<b>Financial Impact of Policy Proposals</b>		<b>4,243</b>	<b>-275</b>	<b>3,968</b>	<b>-428</b>	<b>837</b>	<b>1,696</b>

# HIGHWAYS and TRANSPORT COMMITTEE - Summary

## REVENUE BUDGET

Budget including Policy Proposals						
Service Area	2023/24			2024/25	2025/26	2026/27
	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Highways and Infrastructure	23,262	-12,255	11,007	12,501	12,598	12,754
<b>Total Cost of Service</b>	<b>23,262</b>	<b>-12,255</b>	<b>11,007</b>	<b>12,501</b>	<b>12,598</b>	<b>12,754</b>
Policy Proposals included above						
Policy Proposals						
Highways and Infrastructure	-484	-405	-889	1,494	97	156
<b>Financial Impact of Policy Proposals</b>	<b>-484</b>	<b>-405</b>	<b>-889</b>	<b>1,494</b>	<b>97</b>	<b>156</b>

# HIGHWAYS and TRANSPORT - Highways and Infrastructure

# REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Car Parking		1,930	-6,037	-4,107	-4,832	-4,832	-4,832
Strategic Transport		5,048	-11	5,037	7,537	7,537	7,537
Highways		14,631	-5,025	9,606	9,332	9,332	9,332
HS2		777	-147	630	630	630	630
Infrastructure		905	-1,035	-130	-130	-130	-130
Pay Inflation		-29		-29	-36	61	217
<b>Total Cost of Service</b>		<b>23,262</b>	<b>-12,255</b>	<b>11,007</b>	<b>12,501</b>	<b>12,598</b>	<b>12,754</b>
		Policy Proposals included above					
Highways	Fair	-429	-150	-579	-31		
Local Bus	Fair	80		80	2,500		
Parking	Fair	136	-255	-119	-725		
Energy saving measures from streetlights	Fair	-242		-242	-243		
Pension Costs Adjustment	Open	-172		-172	-52	-55	
Restructuring Potential	Fair	-122		-122	-132		
Pay Inflation	Open	265		265	177	152	156
<b>Financial Impact of Policy Proposals</b>		<b>-484</b>	<b>-405</b>	<b>-889</b>	<b>1,494</b>	<b>97</b>	<b>156</b>

## FINANCE SUB COMMITTEE - Central Items

## REVENUE BUDGET

		Budget including Policy Proposals					
		2023/24			2024/25	2025/26	2026/27
Service Area	Aim Reference	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Capital Financing		19,900	-900	19,000	20,000	21,000	22,000
Income from Use of Capital Receipts			-1,000	-1,000	-1,000	-1,000	-1,000
Transfer to/(from) Earmarked Reserves		-5,042		-5,042	-579	-5	-2,195
Bad Debt Provision		-650		-650	-50	-50	-50
Other Income / Expenditure		1		1	1	1	1
<b>Total Cost of Service</b>		<b>14,209</b>	<b>-1,900</b>	<b>12,309</b>	<b>18,372</b>	<b>19,946</b>	<b>18,756</b>
		Policy Proposals included above					
<b>Policy Proposals</b>							
Capital Financing - Minimum Revenue Provision	Open			0	1,000	1,000	1,000
Pension Cost Adjustment	Open	5,350		5,350			
Bad Debt Provision Adjustment	Open	-800		-800	600		
Use of Earmarked Reserves	Open	-6,348		-6,348	4,463	574	-2,190
Capital Receipts Income	Open		-1,000	-1,000			
<b>Financial Impact of Policy Proposals</b>		<b>-1,798</b>	<b>-1,000</b>	<b>-2,798</b>	<b>6,063</b>	<b>1,574</b>	<b>-1,190</b>

# 10. Capital Strategy

## Executive Summary

- 10.1 This capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. It provides an overview of how associated risk is managed alongside future financial sustainability.
- 10.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.
- 10.3 The strategy includes a programme of capital investment which is aimed at delivering sustainable and inclusive economic growth in the borough and supporting the delivery of essential front-line services. The Capital Programme includes:
- Investment that supports the aim to be a Carbon Neutral Council by 2025 and borough wide by 2045.
  - Town centre redevelopment and regeneration projects.
  - Investment in infrastructure to improve walking, cycling and rail capacity in the borough, and capacity on the roads to reduce congestion and improve air quality.
  - Investment to enable the delivery of housing sites that meet the needs of residents including affordable housing and housing for vulnerable and older people.
  - Investment in assets to support key front-line services such as improvement to our ICT systems, expansion of our schools and planned investment to maintain the highway network.

- 10.4 The arrival of HS2 services to the borough provides a significant opportunity for regeneration and economic growth. The Council has been working alongside Government, Network Rail and regional partners including Cheshire & Warrington Local Enterprise Partnership and Transport for the North to develop proposals for a Crewe HS2 Hub Station.
- 10.5 Most investment decisions are subject to key Government decisions and funding commitments that can secure the necessary funding and revenue streams to support the associated borrowing.

### Five Principles

- 10.6 Five Principles underpin the Capital Strategy:
1. Capital expenditure is priority based and is aligned with the Council's Corporate Plan priorities
  2. The financial implications of capital projects are aligned with the Medium-Term Financial Strategy
  3. Capital projects will be focused on achieving the best return on investment
  4. Decisions will follow a clear framework
  5. There will be a corporate approach to generate and apply capital resources
- 10.7 The overarching aim of the Capital Strategy is to provide a framework within which the Council's capital investment plans will be achieved. The plans are driven by the Corporate Plan.

## Comment from the Section 151 Officer

10.8 The Capital Strategy forms a key part of the Council's Medium-Term Financial Strategy (MTFS) alongside the Treasury Management and Investment Strategies. Each of these strategies is reviewed each year and supports my opinion on the robustness of the Council's financial plans.

10.9 The capital strategy:

- provides a framework for the management and monitoring of the capital programme
- creates the process for bidding for capital resources
- sets out the approach to funding capital expenditure
- takes account of the significant revenue implications associated with capital investment

10.10 The Strategy also sets out the Council's processes for:

- setting the financial parameters for capital expenditure in the medium-term
- confirming the flexible use of capital receipts in the medium-term
- the option appraisal of capital project proposals
- deciding on the prioritisation of capital projects
- monitoring and evaluating approved schemes

10.11 The Strategy incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

*Alex Thompson*

**Alex Thompson** FCPFA, IRRV(Hons)

Director of Finance and Customer Services

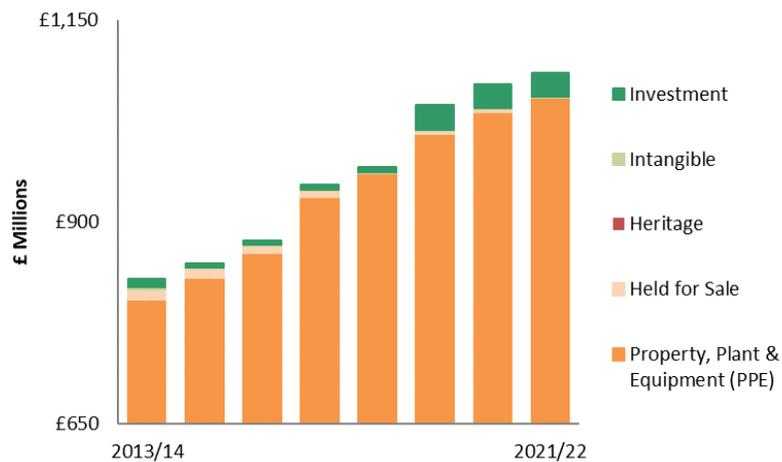
(Section 151 Officer)

# 1. Introduction

10.12 As a public sector organisation, with assets valued in excess of £1 billion, Cheshire East Council maintains a robust capital strategy that is clearly related to the priorities within the Corporate Plan, is linked with infrastructure and asset planning; and has consistent approaches to investment.

**Chart 1: Total Asset Values held by the Council**

Property, Plant and Equipment is the most significant category of assets for the Council.



Source: Cheshire East Council: Statement of Accounts 2013 to 2022

10.13 The capital programme, which is developed in line with the Strategy, is the list of capital projects that the Council plans to undertake within a given timeframe.

10.14 The programme is approved in line with the Council's Constitution and covers a minimum period of four years. It is

reviewed annually by Council. The programme may include projects that require a longer time to develop and design and these will remain in the programme for many years.

10.15 The Chartered Institute of Public Finance and Accountancy (CIPFA) definition of capital expenditure is:

**Definition of Capital Expenditure**

*“An expenditure on assets that will provide a benefit to the organisation beyond the current financial year including expenditure on purchase of new assets, creation of new assets and enhancing and/or extending the useful life of existing assets.”*

A more detailed definition of capital expenditure, as it applies to UK local authorities, is contained in *Practitioners' Guide to Capital Finance in Local Government* (CIPFA, 2019).

10.16 Accounting treatment of capital is compliant with International Accounting Standard 16 Property, Plant and Equipment.

10.17 Capital investment is subject to due process, and assurance is provided that plans are prudent, affordable and sustainable in accordance with the Prudential Framework (the Prudential Framework being an umbrella term for several statutory provisions and professional requirements that allow authorities largely to determine their own plans).

10.18 Non-capital expenditure normally falls outside the scope of the framework and is charged to revenue in the year that it occurs. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

10.19 The capital strategy is the foundation of long-term planning of capital investment and how it is to be delivered. Robust processes are relied upon to ensure projects are evaluated and prioritised and approved to the programme along with the resources to fund it. This requires clear parameters to be set at the beginning of the process. Clarity must be supplied via supporting information on the project proposal and clear criteria, related to the organisation’s corporate objectives, for prioritising projects.

10.20 In determining how much capital investment to undertake, the Council will consider the long-term impact of borrowing and other forms of capital funding on revenue budgets. The same principle applies to leases, public–private partnerships and outsourcing arrangements to procure public assets.

10.21 Delivering the capital programme requires efficient programme management, project management and procurement, as well as appropriate systems for monitoring, control and scrutiny.

### Capital Strategy Principles

10.22 Five Principles underpin the Cheshire East Council Capital Strategy. The principles will be adhered to by Members and employees of the Council and the Section 151 Officer will determine the framework for administering and monitoring the effective application of the principles.

10.23 These principles will be achieved through a process of prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

## The Five Principles of the Capital Strategy

1.	Capital expenditure is priority based and is aligned with the Council’s priorities.
2.	The financial implications of capital projects are aligned with the Medium-Term Financial Strategy and the Asset Management Plan.
3.	Capital projects will be focused on delivering the best return on investment. This will be demonstrated through: <ul style="list-style-type: none"> <li>- infrastructure which will generate local economic growth.</li> <li>- investment in new service delivery models that provide reductions in revenue expenditure.</li> <li>- improvements in the Council’s asset base that generate a financial return or provide cost effective avoidance of future expenditure.</li> <li>- Capital Projects will be externally funded or supported by private sector investment in a way that maximises the Council’s financial interest in the asset.</li> <li>- Borrowing will be appropriate based on the lifetime benefits of a scheme and all investments will be subject to strong control arrangements and risk analysis.</li> <li>- The impact of financing capital expenditure will be reviewed annually to ensure it remains appropriate in terms of the expected return on the overall investment.</li> <li>- Capital investment will follow an agreed set of prudential limits and indicators in order to demonstrate that plans and borrowing are affordable, prudent and sustainable.</li> </ul>
4.	Decisions in relation to the programme will follow a clear framework with an appropriate gateway review and robust management of risk relating to capital projects.
5.	There will be a corporate approach to generating and applying capital resources.

## 2. Prioritisation of Capital Expenditure

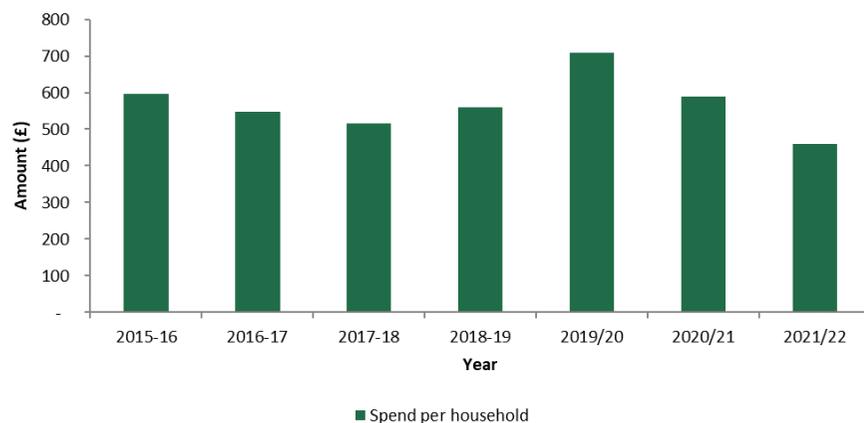
- 10.24 Capital Projects will be approved for inclusion in the Capital Programme based on how they meet the needs of the Corporate Plan and adherence with Capital Strategy.
- 10.25 Capital ambitions in most Councils exceed the potential capital resources, particularly given recent funding cuts and demand pressures in the public sector. The Council manages this issue through prioritisation on a variety of factors.
- 10.26 The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.
- 10.27 The Council agrees a rolling four year programme each year consistent with the Capital Strategy and the resources available. The proposed capital programme includes investment plans of £683.4m. 62.2% of the funding is planned to come from Government grants or contributions from other external partners. In addition, 5.3% will come from the Council's work to maximise the value of asset sales.
- 10.28 The starting point for the Capital Strategy is the Corporate Plan and identification of capital investment that will help to achieve the Council's key vision:
- **Open:** An open and enabling organisation;
  - **Fairer:** A Council which empowers and cares about people;
  - **Greener:** A thriving and sustainable place.
- 10.29 The capital programme includes investment in education and children's social care, transport infrastructure, major

regeneration activities, environmental, cultural and leisure services; all of which contribute to achieving these priorities.

### Environment Strategy and Carbon Action Plan

- 10.30 The Council committed to be carbon neutral for its own emissions by 2025, and pledged to work with others to achieve borough wide carbon neutrality by 2045.
- 10.31 Various actions are helping the Council reach carbon neutrality, and encourage businesses, residents and organisations to reduce emissions, such as:
- Introduce carbon pricing or more rigorous carbon consideration into capital investment decisions;
  - embed carbon reduction into Asset Management;
  - new buildings achieve sustainable buildings standard;
  - assess retrofit options for Council influenced buildings, including leisure centres and schools;
  - continue to progress district heating at Crewe Town Centre, Handforth Garden village – and Alderley park;
  - plan and develop natural climate solutions such as tree planting and peatland management to sequester carbon on at least 100 ha of Council owned land by 2025.

**Chart 2: Capital Spend per Household**



10.32 The Council uses the Five Case Business Model developed by HM Treasury and the Welsh Government. Business cases for major projects include full option appraisal and links to core strategy to ensure they deliver on key Council objectives.

The Five Case Business Model includes:

1. Strategic Case (Contribution to the Corporate Plan)
2. Economic Case
3. Commercial Case
4. Financial Case
5. Management Case

10.33 Assessing these areas within the business case ensures all aspects of a scheme are analysed and the impact on stakeholders identified. Therefore, the Council is able to gain understanding on how a scheme impacts on the overall strategy, the local economy, officers and resources of the Council.

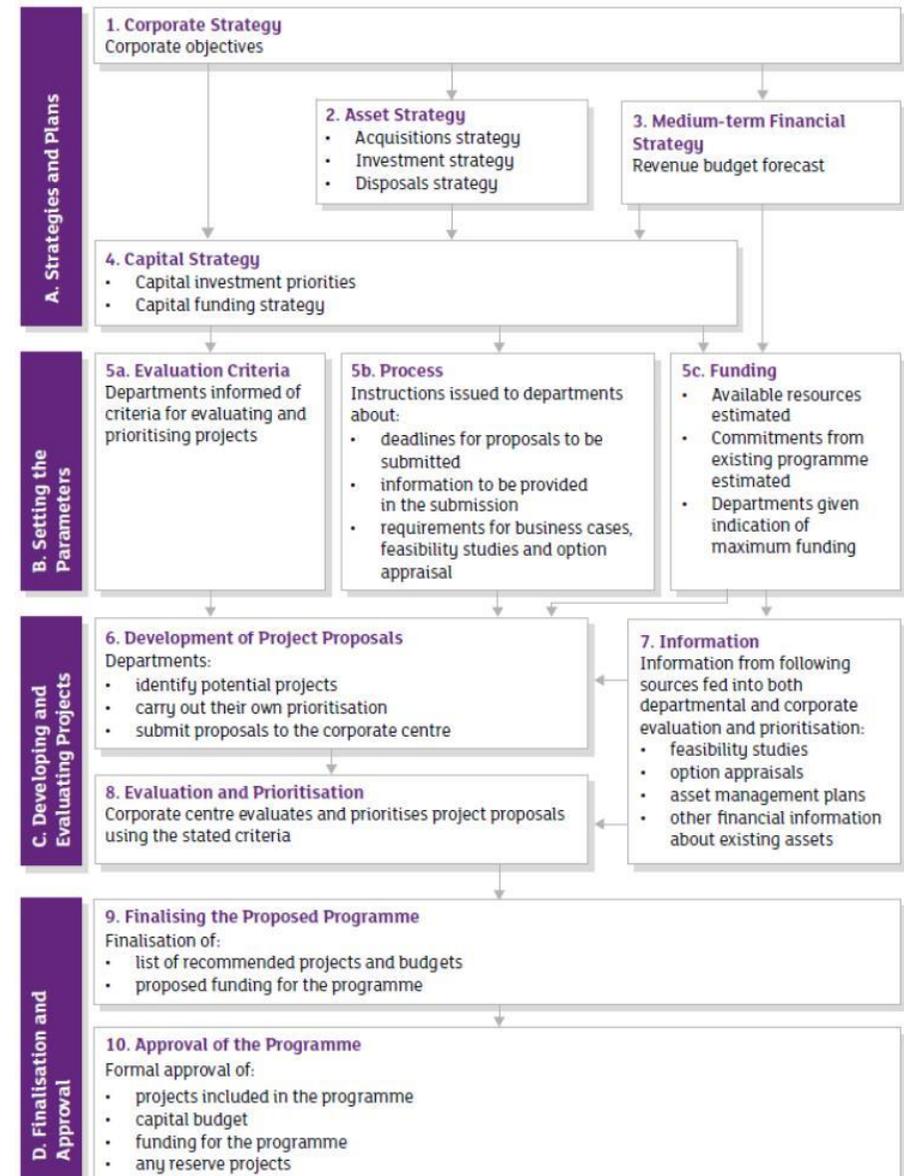
10.34 The 'full' model is appropriate for major infrastructure projects; but the 'light touch' version is insufficiently detailed for some projects. We have taken the 'best of both' to construct a scalable version that is flexible.

10.35 Business Case annexes provide benefits realisation, risks, constraints and dependencies, contractual arrangements, costs and funding, governance arrangements and key milestones.

10.36 High Level Business Cases are submitted as part of the Business Planning process. The Section 151 Officer considers each case to grade them as High, Medium or Low in accordance with the following table.

Priority	Description
<p><b>High</b></p> <p>likely to be recommended for approval within the capital programme.</p>	<p>Essential replacement and enhancement Infrastructure that meets priorities of the Local Plan and attracts Government investment</p> <p>An agreed service provision within the MTFS</p> <p>Required compliance and legislative needs</p> <p>Fully funded by external sources</p> <p>Self-funding projects with high financial returns</p>
<p><b>Medium</b></p> <p>recommended only if funding is available within the parameters of the MTFS</p>	<p>Cost effective replacement and enhancement</p> <p>Projects with positive financial returns</p> <p>Part funded projects of strategic importance to Council priorities</p>
<p><b>Low</b></p> <p>unlikely to be recommended for approval, unless specific strategic importance is associated with the project, or public demand is significant.</p>	<p>Unfunded projects without financial returns</p>

10.37 **Annex A** provides the current Capital Programme for the Council.



### 3. Financial Controls

#### Setting Financial Parameters

- 10.38 The Medium-Term Financial Strategy (MTFS) provides the basis for budget forecasts and annual budget planning for revenue and capital expenditure. This describes the activities to be carried out over the next four years to achieve the corporate priorities alongside the revenue and capital resources which will be needed to deliver those improvements.
- 10.39 As part of the revenue budget setting process, the estimated financing costs for the capital programme and for existing debt are calculated to update the Capital Financing budget (CFB).
- 10.40 The Section 151 Officer will invite bids for Capital Expenditure and present a capital programme at each Budget Council meeting. The Section 151 Officer will determine the prioritisation (see Section 2) and the financial implications to assess whether bids are affordable, and will then report to Members for approval in line with the Constitution.
- 10.41 Strategic management of the capital programme allows schemes to be added throughout the financial year. These will be reported to Committees on a regular basis.
- 10.42 If the CFB varies from the strategy the Section 151 Officer will consider options to top-up or draw down from the Financing Earmarked Reserve and will report this approach to Members.
- 10.43 Underspends on the CFB due to programme slippage will automatically be transferred to the Financing Reserve.

10.44 Current forecasts are that the CFB will continue from 5.8% to 5.6% of the Net Revenue budget in the medium-term.

10.45 **Table 1**, provides the Financial Parameters for the period 2023/24 to 2026/27, followed by the strategy behind each element of the calculation.

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

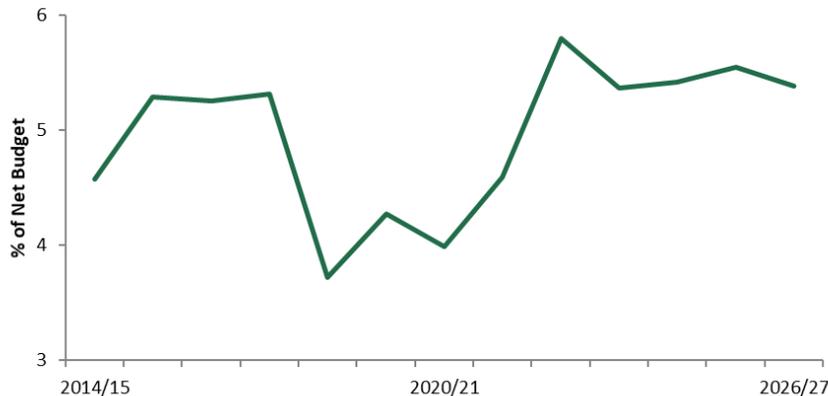
Parameter	Value (£m)			
	2023/24	2024/25	2025/26	2026/27
<b>Repayment of Borrowing</b>				
Minimum Revenue Provision*	17.6	20.1	22.7	23.4
External Loan Interest	6.0	6.0	6.0	6.0
Investment Income	(2.4)	(2.3)	(2.3)	(2.3)
Contributions from Services Revenue Budgets	(1.4)	(1.5)	(2.4)	(2.8)
<b>Total Capital Financing Costs</b>	<b>19.8</b>	<b>22.3</b>	<b>24.0</b>	<b>24.3</b>
Use of Financing EMR	(0.8)	(2.3)	(3.0)	(2.3)
<b>Actual CFB in MTFS</b>	<b>19.0</b>	<b>20.0</b>	<b>21.0</b>	<b>22.0</b>
<b>*Capital Receipts targets</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Flexible Use of Capital Receipts</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>

\* Anticipated MRP based on achieving capital receipts targets

## Repayment of Borrowing

- 10.46 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision.
- 10.47 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision). This ensures that the revenue costs of repaying debt are spread over the life of the asset, similar to depreciation.

**Chart 3: Capital Financing as a percentage of Net Budget**



- 10.48 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital

budget and treasury management strategy is shown in **Annex B**. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

- 10.49 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works.
- 10.50 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short-term loans. As short-term interest rates are currently much lower than long-term rates this is likely to be more cost effective.

## Investment Income

- 10.51 The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.
- 10.52 The Section 151 Officer, with advice from treasury management advisors, is responsible for considering the prudent level of available balances in any year and then assessing risk against potential financial returns to determine a level of income to be achieved from investments.
- 10.53 The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.

## Contributions from Services

- 10.54 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium-Term Financial Strategy.
- 10.55 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.
- 10.56 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to funding such costs must be approved as part of the business planning process before the scheme can commence.
- 10.57 The Council's strategy is to use revenue contributions to the Capital Programme to reduce the overall Capital Financing Budget.

## Use of Financing Earmarked Reserve

- 10.58 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.
- 10.59 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the

first instance any under or overspending of the CFB within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. As part of the 2023/27 MTFS there is a proposal to utilise £0.8m in 2023/24 from the reserve to cover future capital financing commitments.

- 10.60 The Council's current strategy is to draw-down £8.4m from the Financing Earmarked Reserve for the period 2023/24 to 2026/27.

## Capital Receipts from Asset Disposals

- 10.61 The Council has a substantial land and property estate, mainly for operational service requirements and administrative buildings.
- 10.62 Council Plans, such as the Local Plan, Local Transport Plan, Farms Strategy and Asset Management Plans, set the strategic framework for significant land and property asset disposals and acquisitions associated with these key areas. In each financial year the net impact of these plans will allow the Section 151 Officer, in consultation with the Executive Director for Place, to determine the net impact of disposals and acquisitions on the CFB.
- 10.63 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs, included within the new flexibilities provisions, as and when received.

10.64 The Council will continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas unless a suitable business case is made available, but instead subject to any claw back provisions, to allocate resources in accordance with key aims and priorities. Capital receipts have been an important source of finance in previous financial years.

10.65 In considering the 2023/24 capital programme, a prudent approach has been taken and there has been no assumption of any significant additional capital receipts. A minimum amount of £1.0m additional capital receipts has been anticipated in 2023/24.

10.66 The Council's current strategy is to realise net receipts of £4.0m for the period 2023/24 to 2025/26 and that these receipts will reduce the overall Capital Financing Budget.

### Flexible use of Capital Receipts

10.67 Following the 2015 Spending Review, in March 2016 DLUHC (formerly MHCLG) published statutory guidance on the flexible use of capital receipts initially for a three-year period covering 2016/17 to 2018/19. The guidance has been updated a number of times since then and most recently in April 2022 which has allowed the flexibility to continue to use capital Receipts to fund transformational programmes within Council's now extends to March 2025.

10.68 There are plans to utilise £1.0m of capital receipts to offset the cost of transformational projects over the period 2023/24 to 2026/27. The Strategy for 2023/24 is shown at **Annex D**.

### Government Grants

10.69 Government capital grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.

10.70 Overall Government funding has reduced in recent years, but the Council still receives Government grants including:

- DfT Local Transport Plan
- Housing Infrastructure Fund
- Disabled Facilities Grants
- DfE Devolved Formula Capital; Schools Condition, Basic Needs and High Needs/SEN Allocations

10.71 The Council's strategy is to ring-fence capital grants to the service that they are allocated to.

### Developer Contributions

10.72 Developer contributions will be sought to ensure that the necessary physical, social, public realm, economic and green infrastructure is in place to deliver development. Contributions will be used to mitigate the adverse impacts of development and to help facilitate the infrastructure needed to support sustainable development.

10.73 Development proposals will be expected to provide a contribution to the cost of infrastructure including initial design, capital costs and ongoing revenue such as the maintenance of services and facilities.

10.74 The Council's strategy is to forward fund anticipated Section 106 contributions for major infrastructure and education schemes.

### Community Infrastructure Levy (CIL)

10.75 The Community Infrastructure Levy (CIL) is a planning charge on new development which became operational in Cheshire East on 1 March 2019. The Levy allows the Council to raise financial contributions from certain chargeable development in the borough such as housing (except affordable housing, self-build housing and apartments) and retail development at the Crewe Grand Junction and Handforth Dean retail parks. The CIL regulations require Councils to spend the monies raised on the infrastructure needed to support the development of their area. The definition of infrastructure allows a broad range of facilities to be funded such as play areas, open spaces, parks and green spaces, cultural and sports facilities, as well as those relating to transport, health and education. CIL monies can be used in conjunction with S106 contributions and other monies to deliver infrastructure.

10.76 The Council passes on either 15% or 25% of its CIL receipts to the town or parish council where the CIL chargeable development has taken place, with the higher amount being paid to those Councils with a Neighbourhood Plan. The Council will use the MTFS process to allocate the remaining CIL receipts and this will be done within the general framework detailed below:

- Up to 5% of the receipts will go towards the costs of administering CIL and the rest will be used to deliver the Council's planned infrastructure priorities;
- The Council's infrastructure priorities will be identified in its annual Infrastructure Funding Statement (IFS) which

will be published on the Council's website by the end of December each year. This will also contain details on the amount of CIL receipts received, spent and remaining unspent in the previous financial year;

- CIL monies will only be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of Cheshire East;
- The MTFS process requires a business case to be made for the funding of projects. Where CIL monies are being sought, the business case for the proposed infrastructure must identify how it will support the planned development of the area. This should include reference to how it relates to and meets the priorities identified in the current IFS, the Council's Local Plan and the Infrastructure Delivery Plan;
- CIL spending decisions will be primarily based on achieving the delivery of published infrastructure priorities and the growth identified in the Local Plan. Other considerations will include the extent to which non CIL funding sources can be leveraged into the infrastructure project and assurance that the ongoing operational and maintenance costs of the project will be met over the life of the infrastructure; and
- The reasons and decisions made on all CIL funding bids considered through the MTFS process will be published to ensure transparency.

10.77 The Council has decided that it intends to spend the first £2.6m of the CIL money it receives on helping to deliver the provision of the Middlewich Eastern Bypass (MEB). This is a significant infrastructure road scheme with a current budget forecast of some £68m for the period 2023-27, including some £55.6m of leveraged money from grants and external contributions, as detailed in the capital programme.

10.78 The scheme will help support growth in Middlewich and the wider borough, as detailed in the Council's Local Plan Strategy (LPS). This includes the delivery of the large (121ha) Midpoint 18 employment site and some 960 new homes in the town. The MEB is also identified as a priority 1 scheme in the Council's Infrastructure Delivery Plan (July 2016) that was used as supporting evidence in the independent LPS examination.

### Funding Capital Expenditure

10.79 The inclusion of schemes within the Council's capital budget is intrinsically linked with the way schemes can be financed. This ensures that the affordability of the capital programme reflects the organisation's long-term objectives rather than short-term expedience.

10.80 The Council's strategy is to fund capital expenditure in the first instance from sources other than the Council's Capital Financing Revenue Budget.

**Chart 4: Capital Expenditure split by funding type**



10.81 The Council has a good track record of producing business cases that are supported by government and then backed by

subsequent grants and for aligning expenditure with local developments that are then backed by external developer contributions.

10.82 Main forecasted income sources are:

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

10.83 Capital expenditure may be funded directly from revenue, but not vice-versa. Overall financial pressure on the Council makes returns on capital investment a key element of the overall financial stability of the Medium-Term Financial Strategy.

10.84 Capital budgeting differs from revenue budgeting because:

- the need for capital investment tends to fluctuate year on year to a much greater degree than the need for revenue spending.
- there is usually significant discretion over how or when to make use of the capital funding that is potentially available, such as determining the level of borrowing and the use made of capital receipts in a particular period.
- there is usually significant discretion over when particular capital projects take place capital budgets, unlike revenue budgets, can usually be carried forward from one year to another.
- many public sector organisations are able to fund capital expenditure from sources that they are not permitted to use to fund revenue expenditure, such as borrowing.

- 10.85 The Section 151 Officer will therefore use judgement, as part of the medium-term financial planning process, to determine how schemes can be accommodated within the overall programme, depending on the organisation's overall financial position and its capital investment priorities.
- 10.86 The Council will ensure every effort is made to provide value for money from capital expenditure, and to maximise the local benefits from capital projects the Council will always target alternative funding sources before committing to contributions from the funding parameters set within the MTFS. All high-level business cases will therefore contain reference to benefits realisation.
- 10.87 All high-level business cases will include information on how alternative funding sources have been considered. All capital scheme budget managers will also provide regular updates on the status of all funding sources, as required by the Section 151 Officer. Funding sources will be categorised as either 'received', 'contractually committed' or 'in negotiation'.

### Contingencies in the Capital Programme

- 10.88 In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (for example the cost of asbestos removal).
- 10.89 For this reason, the Council will develop a structured process of identifying and managing risk. In the initial stages of a project these are necessarily broad estimates due to the number of unknown factors. As projects progress the unknown

factors will become clearer and project managers will focus on managing these in the most effective way possible, utilising contingencies to do so as needed.

- 10.90 The process of identifying risk will be two stage, firstly at the project development stage with further refinement at the contract award stage.

## 4. Investment and Risk Strategy

- 10.91 The Council is faced with diminishing capital finance and reduced access to grants and external funding. Spend will need to be monitored effectively against available funds. The Council has seen an unprecedented increase in costs for a number of its key projects due to inflationary pressures being experienced nationwide. This pressure is likely to continue in the forthcoming years as well. However, less dependence and more self-reliance will tend to reduce the exposure to risk.
- 10.92 A risk management framework in place and the core of this framework is set out in the Corporate Risk Management Strategy. Each directorate has its own operational risk register which integrates the relevant directorate Performance Strategy, improvement plans and budgets. In accordance with the HM Treasury Five Case model, a detailed Risk Assessment must be completed for each capital scheme.
- 10.93 Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked reserves provides protection for Council Taxpayers against year on year fluctuations in expenditure.
- 10.94 The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of this strategy. Effective procurement is therefore essential, and the Council seeks to apply rigorous procurement standards in the selection of suppliers and contractors throughout the life of a project.
- 10.95 The Capital Programme should be kept under review having regard to the prevailing economic climate, property market and Government policy. Capital receipts estimates should therefore be kept under review with any significant changes reflected in reporting.
- 10.96 Cheshire East's strong taxbase and independence provides financial stability and offers some "local protection" from the impact of national economic fluctuations and total spending per head of population is below average when compared to neighbouring authorities. Given this national and local context, overall financial risk profile should continue to reduce.

## 5. Governance

10.97 It is important given the risks surrounding Capital Projects that the appropriate governance arrangements are in place:

- The Capital Strategy, including the overall Capital Programme to be approved annually as part of the Medium-Term Financial Strategy at full Council.
- Updates to the capital programme will be reported to the relevant Committee on a regular basis.
- Committees will review progress against the capital programme and monitor levels of slippage against reported profiled spend.
- Management of Committee work programmes provides the opportunity for Members to consider how scrutiny and amendment of the capital programme ensures alignment to the Council's ambitions.
- Proposals for inclusion in the Capital programme can be made throughout the year. All schemes are subject to approval in accordance with the Finance Procedure Rules before inclusion in the programme.
- An officer group, the Assets Board, meets monthly and is chaired by the Director of Growth & Enterprise. The Board has a key role in the development and implementation of the strategy and reviews performance of the programme.
- The board has strategic oversight of land and property assets and reports on acquisition, disposal, development and management strategies.
- The Assets Board delegates responsibility for the detailed tasks to a sub-group ~ Capital Programme Board.

### Capital Programme Board – Terms of Reference

- 10.98 The detailed appraisal of projects, taking into consideration the Council's priorities and annual aims and objectives.
- To ensure that all capital decisions are compliant with the capital strategy.
  - To provide a forum for establishing and providing robust challenge of the business cases and debate around the capital programme once signed off by each Directorate's Management Team to ensure all projects meet corporate objectives.
  - Undertake gateway reviews and risk management reviews of major capital projects.
  - Undertake a detailed annual review of the capital programme.
  - Monitor the capital programme on an ongoing basis and to ensure it is achieving the agreed outcomes and report to the Finance Sub-Committee
  - Receive post project completion reports to assess benefit realisation and lessons learnt.
- 10.99 The Capital Programme Board will assess submissions for capital expenditure with the exception of schemes fully funded by external resources (such as specific grants or developer contributions); these will be approved in accordance with Finance Procedure Rules (paragraph 19, Supplementary Estimates and paragraph 2.20, Capital Block Provisions).
- 10.100 The Capital Programme Board provides monthly updates and makes recommendations to the Assets Board who will refer decisions to the appropriate decision maker, whether this is an

Officer under delegated responsibility, Finance Sub-Committee, Service Committee or Council.

## Knowledge and Skills

- 10.101 The Capital Strategy and Treasury Management and Investment Strategies are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
- 10.102 The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities. He is a professionally qualified accountant and follows an ongoing CPD programme.
- 10.103 The Senior Responsible Officers and Project Managers who manage a capital project receive training which provides up to date information on the CIPFA Code of Practice, the Prudential Code, principles of capital accounting including eligible capital expenditure, capital funding and the capital financing budget.

## Background Papers

Cheshire East Reports –

- Statement of Accounts
- Medium-Term Financial Strategy
- Quarterly Review of Finance Reports
- Financial Resilience - Value for Money
- Finance Procedure Rules

Arlingclose Ltd, Independent Treasury Management Advisors –

- Capital Strategy Template

Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (CIPFA)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2019)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2019 and 2021)

## Annex A: Capital Programme

### CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

#### CAPITAL PROGRAMME 2023/24 - 2026/27

	Prior Years £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Total Budget £000
<b>Committed Schemes - In Progress</b>						
Adults and Health	104	472	0	0	0	576
Children and Families	7,782	53,079	33,400	20,956	8,310	123,527
Highways & Transport	274,117	47,351	66,383	113,005	4,014	504,870
Economy & Growth	48,198	71,598	51,864	78,175	3,859	253,694
Environment & Communities	19,659	10,406	16,726	616	0	47,407
Corporate Policy	147	11,900	9,738	5,793	150	27,728
<b>Total Committed Schemes - In Progress</b>	<b>350,007</b>	<b>194,806</b>	<b>178,111</b>	<b>218,545</b>	<b>16,333</b>	<b>957,802</b>

#### CAPITAL PROGRAMME 2023/24 - 2026/27

	Prior Years £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Total Budget £000
<b>New Schemes</b>						
Adults and Health	0	0	0	0	0	0
Children and Families	0	750	750	0	0	1,500
Highways & Transport	0	16,597	16,861	17,130	15,051	65,639
Economy & Growth	0	0	0	0	0	0
Environment & Communities	0	1,605	1,991	3,301	0	6,897
Corporate Policy	0	926	627	0	0	1,553
<b>Total New Schemes</b>	<b>0</b>	<b>19,878</b>	<b>20,229</b>	<b>20,431</b>	<b>15,051</b>	<b>75,589</b>
<b>Total Capital Schemes</b>	<b>350,007</b>	<b>214,684</b>	<b>198,340</b>	<b>238,976</b>	<b>31,384</b>	<b>1,033,391</b>

# CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

## CAPITAL PROGRAMME 2023/24 - 2026/27

### Funding Requirement

	Prior Years £000	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Total Budget £000
<b>Indicative Funding Analysis:</b> (See note 1)						
Government Grants	181,950	115,039	117,373	69,329	19,703	<b>503,394</b>
External Contributions	23,814	16,769	20,921	56,492	9,940	<b>127,936</b>
Revenue Contributions	362	410	0	0	0	<b>772</b>
Capital Receipts	382	3,321	1,000	31,500	1,000	<b>37,203</b>
Prudential Borrowing (See note 2)	143,499	79,145	59,046	81,655	741	<b>364,086</b>
<b>Total</b>	<b>350,007</b>	<b>214,684</b>	<b>198,340</b>	<b>238,976</b>	<b>31,384</b>	<b>1,033,391</b>

#### Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next four years 2023-27 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

#### Note 2:

Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

CAPITAL PROGRAMME 2023/24 - 2026/27

Scheme Description	Total Approved Budget £000	Forecast Expenditure						Forecast Funding					Total Funding £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	Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Adult Social Care</b>													
Electronic Call Monitoring System	389	0	389	0	0	0	389	0	0	389	0	0	389
People Planner System	94	39	55	0	0	0	55	55	0	0	0	0	55
Replacement Care4CE Devices	93	65	28	0	0	0	28	28	0	0	0	0	28
<b>Total Adults Social Care Schemes</b>	<b>576</b>	<b>104</b>	<b>472</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>472</b>	<b>83</b>	<b>0</b>	<b>389</b>	<b>0</b>	<b>0</b>	<b>472</b>

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	
<b>Committed Schemes</b>													
<b>Children's Social Care</b>													
Foster Carers Capacity Scheme	635	349	286	0	0	0	286	0	0	0	0	286	286
Crewe Youth Zone	4,200	683	2,159	1,358	0	0	3,517	1,317	0	0	0	2,200	3,517
Children's Home Sufficiency Scheme	2,100	100	2,000	0	0	0	2,000	0	0	0	0	2,000	2,000
<b>Total Children's Social Care</b>	<b>6,935</b>	<b>1,132</b>	<b>4,445</b>	<b>1,358</b>	<b>0</b>	<b>0</b>	<b>5,803</b>	<b>1,317</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,486</b>	<b>5,803</b>
<b>Strong Start, Family Help &amp; Integration</b>													
Early Years Sufficiency Capital Fund	1,036	913	123	0	0	0	123	123	0	0	0	0	123
<b>Total Strong Start, Family Help &amp; Integration</b>	<b>1,036</b>	<b>913</b>	<b>123</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123</b>	<b>123</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123</b>
<b>Education and 14-19 Skills</b>													
Adelaide Academy	784	39	550	195	0	0	745	575	0	0	0	170	745
Basic Need Grant Allocation	7,319	11	2,500	4,808	0	0	7,308	7,308	0	0	0	0	7,308
Congleton Planning Area	5,034	94	3,940	1,000	0	0	4,940	2,593	2,347	0	0	0	4,940
Congleton Planning Area - Primary (1)	2,200	0	500	1,700	0	0	2,200	1,000	1,200	0	0	0	2,200
Congleton Planning Area - Primary (2)	625	100	525	0	0	0	525	525	0	0	0	0	525
Congleton Planning Area - Primary (3)	7,500	0	250	1,500	5,750	0	7,500	4,300	3,200	0	0	0	7,500
Devolved Formula Capital	1,330	0	350	340	330	310	1,330	1,330	0	0	0	0	1,330
Handforth Planning Area - New School	13,000	0	0	500	8,500	4,000	13,000	136	12,864	0	0	0	13,000
Holmes Chapel Planning Area	3,625	780	2,845	0	0	0	2,845	2,470	375	0	0	0	2,845
Macclesfield Planning Area - Secondary	4,084	1,106	1,500	1,478	0	0	2,978	2,978	0	0	0	0	2,978
Macclesfield Planning Area - Secondary New	600	100	0	500	0	0	500	500	0	0	0	0	500
Macclesfield Planning Area - New School	4,000	0	0	0	2,000	2,000	4,000	0	4,000	0	0	0	4,000
Mobberley Primary School	900	50	850	0	0	0	850	550	0	0	300	0	850
Nantwich Planning Area (Primary)	7,780	304	4,800	2,676	0	0	7,476	4,287	3,189	0	0	0	7,476
Nantwich Planning Area (Secondary)	700	0	700	0	0	0	700	700	0	0	0	0	700
Provision of Sufficient School Places - SEND	6,044	16	5,028	1,000	0	0	6,028	500	0	0	0	5,528	6,028
Resource Provision - Wistaston	1,400	0	1,400	0	0	0	1,400	1,100	0	0	0	300	1,400
Sandbach Planning Area - Primary	3,683	0	2,000	1,683	0	0	3,683	3,173	510	0	0	0	3,683
Sandbach Planning Area (secondary - 300 places)	41	3	38	0	0	0	38	38	0	0	0	0	38
School Condition Capital Grant	8,868	0	2,868	2,000	2,000	2,000	8,868	8,868	0	0	0	0	8,868

CAPITAL PROGRAMME 2023/24-2026/27													
Scheme Description	Total Approved Budget £000	Forecast Expenditure						Forecast Funding					Total Funding £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	
<b>Committed Schemes</b>													
Sen/High Needs Grant Allocation	2,483	93	1,195	1,195	0	0	2,390	2,390	0	0	0	0	2,390
Shavington Planning Area - Primary	8,000	10	500	5,114	2,376	0	7,990	5,633	2,357	0	0	0	7,990
Shavington Planning Area - secondary	3,500	170	1,773	1,557	0	0	3,330	3,330	0	0	0	0	3,330
Springfield Satellite Site (Dean Row)	6,100	141	5,459	500	0	0	5,959	5,159	0	0	0	800	5,959
The Dingle Primary School Expansion	1,385	10	990	385	0	0	1,375	1,375	0	0	0	0	1,375
Wilmslow High School BN	13,944	2,708	7,950	3,286	0	0	11,236	8,501	2,687	0	0	48	11,236
Wilmslow Primary Planning Area	626	1	0	625	0	0	625	125	500	0	0	0	625
<b>Total Education &amp; 14-19 Skills</b>	<b>115,557</b>	<b>5,738</b>	<b>48,511</b>	<b>32,042</b>	<b>20,956</b>	<b>8,310</b>	<b>109,819</b>	<b>69,443</b>	<b>33,230</b>	<b>0</b>	<b>300</b>	<b>6,846</b>	<b>109,819</b>
													0
<b>Total Committed Schemes</b>	<b>123,527</b>	<b>7,782</b>	<b>53,079</b>	<b>33,400</b>	<b>20,956</b>	<b>8,310</b>	<b>115,745</b>	<b>70,883</b>	<b>33,230</b>	<b>0</b>	<b>300</b>	<b>11,332</b>	<b>115,745</b>
<b>New Schemes</b>													
<b>Education and 14-19 Skills</b>													
Poynton Planning Area	1,500	0	750	750	0	0	1,500	697	803	0	0	0	1,500
<b>Total New Schemes</b>	<b>1,500</b>	<b>0</b>	<b>750</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>697</b>	<b>803</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,500</b>
<b>Total Children and Families Schemes</b>	<b>125,027</b>	<b>7,782</b>	<b>53,829</b>	<b>34,150</b>	<b>20,956</b>	<b>8,310</b>	<b>117,245</b>	<b>71,580</b>	<b>34,033</b>	<b>0</b>	<b>300</b>	<b>11,332</b>	<b>117,245</b>

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	
<b>Committed Schemes</b>													
<b>ICT Services</b>													
Care Act Phase 2	2,138	0	1,100	1,038	0	0	2,138	0	0	0	0	2,138	2,138
Digital Customer - Delivery Programme Phase 1	250	128	122	0	0	0	122	0	0	0	0	122	122
Digital Customer Enablement	1,874	0	1,400	474	0	0	1,874	0	0	0	0	1,874	1,874
Info' Assurance And Data Mgmt	3,791	0	1,941	1,850	0	0	3,791	0	0	0	626	3,165	3,791
Infrastructure Investment(IIP)	5,339	0	1,869	1,656	1814	0	5,339	0	0	0	0	5,339	5,339
<b>Total ICT Services Schemes</b>	<b>13,392</b>	<b>128</b>	<b>6,432</b>	<b>5,018</b>	<b>1,814</b>	<b>0</b>	<b>13,264</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>626</b>	<b>12,638</b>	<b>13,264</b>
<b>Finance &amp; Customer Services</b>													
Core Financials	2,202	0	741	720	741	0	2,202	0	0	0	0	2,202	2,202
Strategic Capital Projects	11,814	0	4,727	4,000	3,087	0	11,814	0	0	0	0	11,814	11,814
Vendor Management - Phase 2	320	19	0	0	151	150	301	0	0	0	150	151	301
<b>Total Finance &amp; Customer Services Schemes</b>	<b>14,336</b>	<b>19</b>	<b>5,468</b>	<b>4,720</b>	<b>3,979</b>	<b>150</b>	<b>14,317</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>14,167</b>	<b>14,317</b>
<b>Total Committed Schemes</b>	<b>27,728</b>	<b>147</b>	<b>11,900</b>	<b>9,738</b>	<b>5,793</b>	<b>150</b>	<b>27,581</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>776</b>	<b>26,805</b>	<b>27,581</b>
<b>New Schemes</b>													
<b>ICT Services</b>													
ICT Hybrid Model	1,553	0	926	627	0	0	1,553	0	0	0	0	1,553	1,553
<b>Total ICT Services New Schemes</b>	<b>1,553</b>	<b>0</b>	<b>926</b>	<b>627</b>	<b>0</b>	<b>0</b>	<b>1,553</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,553</b>	<b>1,553</b>
<b>Total Corporate Policy Schemes</b>	<b>29,281</b>	<b>147</b>	<b>12,825</b>	<b>10,365</b>	<b>5,793</b>	<b>150</b>	<b>29,134</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>776</b>	<b>28,358</b>	<b>29,134</b>

CAPITAL PROGRAMME 2023/24- 2026/27													
Scheme Description	Total Approved Budget £000	Forecast Expenditure					Total Forecast Budget 2023/27 £000	Forecast Funding					Total Funding £000
		Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Culture &amp; Tourism</b>													
Countryside Vehicles	999	132	455	193	219	0	867	0	0	0	0	867	867
New Archive Premises	10,250	0	4100	5699	451	0	10,250	0	0	0	0	10,250	10,250
Public Rights of Way - CMM A6 MARR	100	8	93	0	0	0	93	93	0	0	0	0	93
Rural & Green Section 106 Schemes	73	21	52	0	0	0	52	0	52	0	0	0	52
Tatton Park Investment Phase 2	1,969	264	1205	500	0	0	1,705	0	0	0	0	1,705	1,705
<b>Total Culture &amp; Tourism Committed Schemes</b>	<b>13,392</b>	<b>425</b>	<b>5,905</b>	<b>6,392</b>	<b>670</b>	<b>0</b>	<b>12,967</b>	<b>93</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>12,822</b>	<b>12,967</b>
<b>Economic Development</b>													
Connecting Cheshire 2020	7,238	1,500	2,500	2,238	1,000	0	5,738	5,738	0	0	0	0	5,738
Connecting Cheshire Phase 2	883	0	0	0	883	0	883	0	313	0	0	570	883
Connecting Cheshire	595	0	0	0	595	0	595	0	48	0	0	547	595
Connecting Cheshire Phase 3	8,000	100	1,500	2,400	4,000	0	7,900	0	7,900	0	0	0	7,900
Crewe Town Centre Regeneration	32,019	14,906	15,595	0	0	1,517	17,112	0	0	0	850	16,262	17,112
Crewe Towns Fund	20,160	1,457	3,893	9,000	5,810	0	18,703	18,703	0	0	0	0	18,703
Demolition of Crewe Library Site	2,765	318	1,077	1,370	0	0	2,447	924	0	0	0	1,523	2,447
Future High Street Funding - CEC Innovation Centre	1,169	58	1,111	0	0	0	1,111	1,111	0	0	0	0	1,111
Future High Street Funding - Christ Church Innovation Centre	1,934	71	1,863	0	0	0	1,863	1,863	0	0	0	0	1,863
Handforth Heat Network	13,710	0	9,910	2,000	1,800	0	13,710	5,420	4,890	0	0	3,400	13,710
Leighton Green	2,096	1,465	331	300	0	0	631	0	0	0	0	631	631
Macclesfield Indoor Market Toilet Refurbishment	160	80	80	0	0	0	80	70	0	10	0	0	80
Macclesfield Town Centre	2,219	1,869	349	0	0	0	349	0	0	0	0	349	349
North Cheshire Garden Village	64,707	6,091	12,300	9,000	37,317	0	58,617	21,232	0	0	21,568	15,817	58,617
South Macclesfield Development Area	34,630	3,339	1,291	10,000	20,000	0	31,291	10,000	10,000	0	11,291	0	31,291
<b>Total Economic Development Committed Schemes</b>	<b>192,285</b>	<b>31,254</b>	<b>51,801</b>	<b>36,307</b>	<b>71,404</b>	<b>1,517</b>	<b>161,030</b>	<b>65,061</b>	<b>23,151</b>	<b>10</b>	<b>33,709</b>	<b>39,100</b>	<b>161,030</b>

CAPITAL PROGRAMME 2023/24- 2026/27

Scheme Description	Forecast Expenditure						Total Forecast Budget 2023/27 £000	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		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Estates</b>													
Corporate Landlord - Land Acquisitions	1,336	0	1,336	0	0	0	1,336	0	1,336	0	0	0	1,336
Farms Strategy	1,710	8	306	306	1,090	0	1,702	0	0	0	306	1,396	1,702
Malkins Bank Landfill Site	1,360	711	649	0	0	0	649	0	0	0	0	649	649
Premises Capital (FM)	14,483	4,282	4,232	3,500	2,469	0	10,201	0	0	0	0	10,201	10,201
Public Sector Decarbonisation - 3	5,214	4,464	750	0	0	0	750	0	0	0	0	750	750
Schools Capital Maintenance	2,582	932	1,650	0	0	0	1,650	1,490	0	0	0	160	1,650
Septic Tanks	636	300	337	0	0	0	337	0	0	0	0	337	337
<b>Total Estates Committed Schemes</b>	<b>27,321</b>	<b>10,696</b>	<b>9,260</b>	<b>3,806</b>	<b>3,559</b>	<b>0</b>	<b>16,625</b>	<b>1,490</b>	<b>1,336</b>	<b>0</b>	<b>306</b>	<b>13,493</b>	<b>16,625</b>
<b>Housing</b>													
Crewe Towns Fund - Warm and Healthy Homes	100	26	74	0	0	0	74	74	0	0	0	0	74
Disabled Facilities Grant	13,213	3,845	2,342	2,342	2,342	2,342	9,368	9,368	0	0	0	0	9,368
Future High Street Funding - Chester Street	1,378	3	5	1,370	0	0	1,375	1,375	0	0	0	0	1,375
Future High Street Funding - Delamere Street	1,459	7	5	1,447	0	0	1,452	1,452	0	0	0	0	1,452
Gypsy and Traveller Sites	3,701	1,695	2,006	0	0	0	2,006	700	0	0	0	1,306	2,006
Home Repairs for Vulnerable People	846	246	200	200	200	0	600	0	0	0	0	600	600
<b>Total Housing Committed Schemes</b>	<b>20,697</b>	<b>5,822</b>	<b>4,632</b>	<b>5,359</b>	<b>2,542</b>	<b>2,342</b>	<b>14,875</b>	<b>12,969</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,906</b>	<b>14,875</b>
<b>Total Economy and Growth Schemes</b>	<b>253,695</b>	<b>48,198</b>	<b>71,598</b>	<b>51,864</b>	<b>78,175</b>	<b>3,859</b>	<b>205,497</b>	<b>79,613</b>	<b>24,539</b>	<b>10</b>	<b>34,015</b>	<b>67,321</b>	<b>205,497</b>

CAPITAL PROGRAMME 2023/24-2026/27													
Scheme Description	Total Approved Budget £000	Forecast Expenditure					Total Forecast Budget 2023/27 £000	Forecast Funding					Total Funding £000
		Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Environment Services</b>													
Arnold Rhodes Public Open Space Improvements Phase 2	94	89	5	0	0	0	5	0	5	0	0	0	5
Barony Skate Park Refurbishment	100	0	100	0	0	0	100	100	0	0	0	0	100
Carbon Offset Investment	1,000	125	125	250	500	0	875	0	0	0	0	875	875
Congleton Household Waste Recycling Centre Development	50	35	15	0	0	0	15	0	0	0	0	15	15
Energy Improvements at Cledford Lane	985	845	140	0	0	0	140	0	0	0	0	140	140
Fleet Vehicle Electric Charging	585	65	225	179	116	0	520	0	0	0	0	520	520
Future High Street Funding - Sustainable Energy Network	2,577	302	2,275	0	0	0	2,275	2,275	0	0	0	0	2,275
Green Investment Scheme (Solar Farm)	3,950	464	3,486	0	0	0	3,486	0	0	0	0	3,486	3,486
Household Waste Recycling Centres	860	50	810	0	0	0	810	0	0	0	0	810	810
Litter and Recycling Bins	208	106	50	52	0	0	102	0	0	0	0	102	102
Park Development Fund	946	560	236	150	0	0	386	0	0	0	0	386	386
Pastures Wood Decarbonisation	51	39	12	0	0	0	12	0	0	12	0	0	12
Solar Energy Generation	14,180	20	280	13,880	0	0	14,160	0	0	0	0	14,160	14,160
Victoria Park Pitch Improvements	29	17	12	0	0	0	12	0	12	0	0	0	12
<b>Total Environment Services Schemes</b>	<b>25,614</b>	<b>2,718</b>	<b>7,770</b>	<b>14,511</b>	<b>616</b>	<b>0</b>	<b>22,897</b>	<b>2,375</b>	<b>17</b>	<b>12</b>	<b>0</b>	<b>20,493</b>	<b>22,897</b>
<b>Neighbourhood Services</b>													
Congleton Leisure Centre	12,225	12,175	50	0	0	0	50	0	0	0	0	50	50
Macclesfield Leisure Centre Improvements	3,865	3,398	467	0	0	0	467	0	0	0	0	467	467
Libraries - Next Generation - Self Service	374	323	51	0	0	0	51	0	0	0	0	51	51
Poynton Leisure Centre	4,606	391	2,000	2,215	0	0	4,215	0	0	0	0	4,215	4,215
<b>Total Neighbourhood Services</b>	<b>21,070</b>	<b>16,287</b>	<b>2,568</b>	<b>2,215</b>	<b>0</b>	<b>0</b>	<b>4,783</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,783</b>	<b>4,783</b>
<b>Planning Services</b>													
Replacement Planning & Building	410	365	45	0	0	0	45	0	0	0	0	45	45
Regulatory Services & Environmental Health ICT System	313	290	23	0	0	0	23	0	0	0	0	23	23
<b>Total Planning Services</b>	<b>723</b>	<b>655</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68</b>	<b>68</b>
<b>Total Committed Schemes</b>	<b>47,407</b>	<b>19,659</b>	<b>10,406</b>	<b>16,726</b>	<b>616</b>	<b>0</b>	<b>27,748</b>	<b>2,375</b>	<b>17</b>	<b>12</b>	<b>0</b>	<b>25,344</b>	<b>27,748</b>
<b>New Schemes</b>													
<b>Environment Services</b>													
Fleet EV Transition	6,897	0	1,605	1,991	3,301	0	6,897	0	0	0	0	6,897	6,897
<b>Total New Schemes</b>	<b>6,897</b>	<b>0</b>	<b>1,605</b>	<b>1,991</b>	<b>3,301</b>	<b>0</b>	<b>6,897</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,897</b>	<b>6,897</b>
<b>Total Environment and Communities Schemes</b>	<b>54,304</b>	<b>19,659</b>	<b>12,011</b>	<b>18,717</b>	<b>3,917</b>	<b>0</b>	<b>34,645</b>	<b>2,375</b>	<b>17</b>	<b>12</b>	<b>0</b>	<b>32,241</b>	<b>34,645</b>

## CAPITAL PROGRAMME 2023/24- 2026/27

Scheme Description	Total Approved Budget £000	Forecast Expenditure					Total Forecast Budget 2023/27 £000	Forecast Funding					Total Funding £000
		Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Strategic Infrastructure</b>													
A500 Dualling Scheme	89,456	10,866	1,627	26,990	49,973	0	78,590	51,683	4,300	0	0	22,607	78,590
A50 / A54 Holmes Chapel	603	106	347	150	0	0	497	0	497	0	0	0	497
A54 / A533 Leadsmithy Street, Middlewich	563	174	389	0	0	0	389	0	389	0	0	0	389
A556 Knutsford to Bowdon	504	366	40	98	0	0	138	0	138	0	0	0	138
A6 MARR CMM Disley	1,722	1,661	61	0	0	0	61	0	7	0	0	54	61
A6 MARR CMM Handforth	1,200	617	184	400	0	0	584	101	48	0	0	434	584
A6 MARR Technical Design	473	323	150	0	0	0	150	17	133	0	0	0	150
Congleton Link Road	88,443	73,017	2,457	6,040	2,915	4,014	15,426	0	12,437	0	0	2,989	15,426
Crewe Green Roundabout	7,500	7,063	50	190	197	0	437	0	437	0	0	0	437
Flowerpot Phs 1 & Pinchpoint	10,037	1,631	2,631	3,510	2,265	0	8,406	1,944	726	0	0	5,736	8,406
Future High Streets Fund - Highways	6,168	1,415	2,198	2,251	304	0	4,753	4,640	113	0	0	0	4,753
Highway S106 Schemes	962	245	549	168	0	0	717	10	707	0	0	0	717
Infrastructure Scheme Development	250	0	250	0	0	0	250	250	0	0	0	0	250
Middlewich Eastern Bypass	91,157	22,982	11,091	13,817	43,268	0	68,176	39,973	14,645	0	0	13,558	68,176
North-West Crewe Package	42,351	20,490	14,758	3,445	3,658	0	21,861	7,374	2,631	0	1,730	10,126	21,861
Old Mill Road / The Hill Junction	1,325	185	1,139	0	0	0	1,139	0	1,139	0	0	0	1,139
Peacock Roundabout Junction	750	0	250	500	0	0	750	0	750	0	0	0	750
Poynton Relief Road	52,657	45,872	46	1,355	5,385	0	6,785	0	5,740	0	0	1,046	6,785
Sydney Road Bridge	10,501	10,113	50	140	198	0	388	0	388	0	0	0	388
<b>Total Strategic Infrastructure Schemes</b>	<b>406,621</b>	<b>197,125</b>	<b>38,265</b>	<b>59,054</b>	<b>108,163</b>	<b>4,014</b>	<b>209,496</b>	<b>105,991</b>	<b>45,225</b>	<b>0</b>	<b>1,730</b>	<b>56,550</b>	<b>209,496</b>
<b>Highways</b>													
A532 Safer Road Fund Scheme	1,223	648	575	0	0	0	575	476	0	0	0	99	575
A536 Safer Road Fund Scheme	2,404	2,060	344	0	0	0	344	250	0	0	0	94	344
Alderley Edge Bypass Scheme Implementation	60,611	60,464	147	0	0	0	147	0	0	0	0	147	147
Managing and Maintaining Highways	14,300	440	4,529	4,619	4,712	0	13,860	0	0	0	0	13,860	13,860
Traffic Signs and Bollards - LED Replacement	1,250	1,025	225	0	0	0	225	0	0	0	0	225	225
Winter Service Facility	999	609	130	130	130	0	390	0	0	0	0	390	390
<b>Total Highways Schemes</b>	<b>80,787</b>	<b>65,246</b>	<b>5,950</b>	<b>4,749</b>	<b>4,842</b>	<b>0</b>	<b>15,541</b>	<b>726</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,815</b>	<b>15,541</b>

## CAPITAL PROGRAMME 2023/24- 2026/27

Scheme Description	Total Approved Budget £000	Forecast Expenditure					Total Forecast Budget 2023/27 £000	Forecast Funding					Total Funding £000
		Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Strategic Transport &amp; Parking Services</b>							0	0	0	0	0	0	
Car Parking Improvements (including residents parking)	322	292	30	0	0	0	30	0	0	0	0	30	
Digital Car Parking Solutions	140	93	47	0	0	0	47	0	0	0	0	47	
On-street Residential Charging	255	50	205	0	0	0	205	105	0	0	0	100	
Pay and Display Parking Meters	620	539	41	40	0	0	81	0	0	0	0	81	
Sustainable Travel Access Prog	3,424	2,111	1,312	0	0	0	1,312	765	309	0	0	238	
<b>Total Strategic Transport &amp; Parking Services Schemes</b>	<b>4,760</b>	<b>3,085</b>	<b>1,636</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>1,676</b>	<b>870</b>	<b>309</b>	<b>0</b>	<b>0</b>	<b>496</b>	
<b>HS2 Programme</b>													
Crewe HS2 Hub Project Development	12,701	8,661	1,500	2,540	0	0	4,040	0	0	0	0	4,040	
<b>Total HS2 Schemes</b>	<b>12,701</b>	<b>8,661</b>	<b>1,500</b>	<b>2,540</b>	<b>0</b>	<b>0</b>	<b>4,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,040</b>	
<b>Total Committed Schemes</b>	<b>504,869</b>	<b>274,117</b>	<b>47,351</b>	<b>66,382</b>	<b>113,005</b>	<b>4,014</b>	<b>230,752</b>	<b>107,588</b>	<b>45,534</b>	<b>0</b>	<b>1,730</b>	<b>75,901</b>	
<b>New Schemes</b>													
<b>Highways</b>													
Pothole Funding	23,196	0	5,799	5,799	5,799	5,799	23,196	23,196	0	0	0	0	
Integrated Block - LTP	8,012	0	2,003	2,003	2,003	2,003	8,012	8,012	0	0	0	0	
Maintenance Block - LTP	28,632	0	7,345	7,609	7,878	5,799	28,632	23,196	0	0	0	5,436	
Incentive Fund - LTP	5,800	0	1,450	1,450	1,450	1,450	5,800	5,800	0	0	0	0	
<b>Total Highways New Schemes</b>	<b>65,640</b>	<b>0</b>	<b>16,597</b>	<b>16,861</b>	<b>17,130</b>	<b>15,051</b>	<b>65,640</b>	<b>60,204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,436</b>	
<b>Total Highways &amp; Transport Schemes</b>	<b>570,509</b>	<b>274,117</b>	<b>63,948</b>	<b>83,244</b>	<b>130,135</b>	<b>19,065</b>	<b>296,392</b>	<b>167,792</b>	<b>45,534</b>	<b>0</b>	<b>1,730</b>	<b>81,337</b>	

## Annex B: Prudential Indicators revisions to: 2022/23 and 2023/24 – 2026/27

### Background

10.104 There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities (the “CIPFA Prudential Code”) when setting and reviewing their Prudential Indicators. There is a requirement to monitor and report the performance of the indicators on a quarterly basis during the financial year.

### Estimates of Capital Expenditure

10.105 In 2023/24, the Council is planning capital expenditure of £214.7m as summarised below:

Capital Expenditure	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
	130.4	214.7	198.3	239.0	31.4

Source: Cheshire East Finance

### Capital Financing

10.106 All capital expenditure must be financed either from: external sources (Government grants and other contributions); the Council’s own resources (revenue reserves and capital receipts); or debt (borrowing, leasing and Private Finance Initiative). The planned financing of capital expenditure is as follows:

Capital Financing	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Receipts	0.0	3.3	1.0	31.5	1.0
Government Grants	65.7	115.1	117.4	69.3	19.7
External Contributions	17.3	16.8	20.9	56.5	9.9
Revenue Contributions	0.7	0.4	0.0	0.0	0.0
<b>Total Financing</b>	<b>83.7</b>	<b>135.6</b>	<b>139.3</b>	<b>157.3</b>	<b>30.6</b>
Prudential Borrowing	46.7	79.1	59.0	81.7	0.8
<b>Total Funding</b>	<b>46.7</b>	<b>79.1</b>	<b>59.0</b>	<b>81.7</b>	<b>0.8</b>
<b>Total Funding and Financing</b>	<b>130.4</b>	<b>214.7</b>	<b>198.3</b>	<b>239.0</b>	<b>31.4</b>

Source: Cheshire East Finance

### Replacement of debt finance

10.107 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets may be used to replace debt finance. Planned MRP repayments are as follows:

Replacement of debt finance	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
<b>Total</b>	<b>15.3</b>	<b>17.5</b>	<b>20.1</b>	<b>22.7</b>	<b>23.4</b>

Source: Cheshire East Finance

10.108 The Council’s full MRP Statement is available in **Annex C**.

## Estimates of Capital Financing Requirement

10.109 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £58m during 2023/24. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Capital Financing Requirement	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
<b>Total</b>	<b>448</b>	<b>506</b>	<b>538</b>	<b>595</b>	<b>568</b>

Source: Cheshire East Finance

## Asset disposals

10.110 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt for example. The Council is currently also permitted to spend capital receipts on service transformation project until 2024/25. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.8m of capital receipts in the coming financial years as follows.

Capital Receipts	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Asset Sales	3.0	1.0	1.0	1.0	1.0
Loans Repaid	0.2	0.2	0.2	0.2	0.2
<b>Total</b>	<b>3.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

Source: Cheshire East Finance

## Gross Debt and the Capital Financing Requirement

10.111 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting and the Council therefore seeks to strike a balance between cheaper short-term loans (currently available at around 3.5%) and long-term fixed rate loans where the future cost is known but higher (currently 4.2% – 4.5%).

10.112 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are show below, compared with the capital financing requirement.

Gross Debt and the Capital Financing Requirement	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Borrowing	123	77	77	77	77
Finance Leases	0	0	0	0	0
PFI Liabilities	19	18	17	17	15
<b>Total Debt</b>	<b>142</b>	<b>95</b>	<b>94</b>	<b>94</b>	<b>92</b>
<b>Capital Financing Requirement</b>	<b>448</b>	<b>506</b>	<b>538</b>	<b>595</b>	<b>568</b>

Source: Cheshire East Finance

10.113 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the above table, the Council expects to comply with this in the medium-term.

## Liability Benchmark

10.114 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year-end. This benchmark is currently £222m and is forecast to rise to £401m over the next four years.

Borrowing and the Liability Benchmark	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Outstanding Debt	123	77	77	77	77
Liability Benchmark	222	312	354	420	401

Source: Cheshire East Finance

10.115 The table shows that the Council expects to remain borrowed below its liability benchmark.

## Affordable borrowing limit

10.116 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m
Authorised Limit for Borrowing	440	500	535	590	565
Authorised Limit for Other Long-Term Liabilities	19	18	17	17	15
<b>Authorised Limit for External Debt</b>	<b>459</b>	<b>518</b>	<b>552</b>	<b>607</b>	<b>580</b>
Operational Boundary for Borrowing	430	490	525	580	555
Operational Boundary for Other Long-Term Liabilities	19	18	17	17	15
<b>Operational Boundary for External Debt</b>	<b>449</b>	<b>508</b>	<b>542</b>	<b>597</b>	<b>570</b>

Source: Cheshire East Finance

## Investment Strategy

10.117 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

10.118 The Council's policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Short-term	20	20	20	20	20
Long-term	20	20	20	20	20
<b>Total Investments</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>

Source: Cheshire East Finance

- 10.119 Further details on treasury investments are in the Treasury Management Strategy, **Annex 11**.
- 10.120 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Finance Sub-Committee as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.
- 10.121 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Annex 12**.

### Revenue budget implications

- 10.122 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are

charged to revenue, offset by an investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream, or in other words, the amount funded from Council Tax, business rates and general Government grants.

Ratio of Financing Costs to Net Revenue Stream	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Financing Costs (£m)	19.0	19.0	20.0	21.0	22.0
Proportion of net revenue stream (%)	5.8%	5.4%	5.4%	5.5%	5.6%

Source: Cheshire East Finance

- 10.123 Further details on the revenue implications of capital expenditure are on paragraphs 112-129 of the 2023-2027 Medium-Term Financial Strategy (**Appendix C**).
- 10.124 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable. The longer term revenue implications have been considered and built into the revenue budget forecasts post the period of the current Medium-Term Financial Strategy.

## Annex C: Minimum Revenue Provision

10.125 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Levelling Up, Housing and Communities' *Guidance on Minimum Revenue Provision* (the DLUHC Guidance) most recently issued in 2018.

10.126 The broad aim of the DLUHC Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

10.127 The DLUHC Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the guidance.

- For capital expenditure incurred before 1 April 2008 and for supported capital expenditure incurred on or after that date, MRP will be charged at 2% annuity rate over a 50-year period.
- For capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, as

the principal repayment on an annuity rate of 2%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

*(Option 3 in England and Wales)*

- For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

10.128 Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25.

## Annex D: Flexible Capital Receipts Strategy 2023/24

10.129 The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

10.130 The Spending Review in 2015 included a relaxation to the capital regulations by allowing Council's to use their capital receipts (income from the sale of assets) for a limited period initially from 2016/17 to 2018/19 to fund revenue expenditure that is designed to transform service delivery and reduce revenue costs. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations apply have now been extended to the financial year 2024/25.

10.131 The guidance states that qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public

10.132 Local authorities cannot borrow to finance the revenue costs of the service reforms.

10.133 The type of expenditure that will be allowed under the flexibility are the up-front set up and implementation costs that will generate the future ongoing revenue savings and/or service transformation to reduce revenue costs and improve service delivery.

10.134 In allowing the Council to use this flexibility, the Council must have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of practice.

10.135 There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and

Corruption Strategy – this could include an element of staff training;

- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
- Integrating public facing services across two or more public sector bodies (for example children’s social care or trading standards) to generate savings or to transform service delivery.

10.136 The Council has a number of projects that have been identified in 2023/24 that fit the criteria prescribed in the Guidance for transforming and or improving service delivery that will reduce revenue costs by producing efficiency savings for the Council. The table below details the lists of projects and the value of capital receipt to be utilised.

**Table 1: List of projects funded by flexible capital receipts**

Project Name	Project Description	Expenditure	
		Prior Years £000s	2023/24 £000s
ICT Hybrid Model	This project is to update the delivery of the ICT Shared Service Model which should make efficiency savings and improve service delivery for both councils.	0	390
Cheshire East Service Transformation Programme	This programme is a group of projects across the Council’s four Directorates to deliver improved service delivery through efficiency and revenue savings.	0	610
<b>Total</b>		<b>0</b>	<b>1,000</b>

10.137 As it is the Council’s policy not to rely on capital receipts until they are realised, these capital receipts have not been factored in to the Councils Capital Financing Requirement (CFR) by way of reducing debt or financing capital expenditure. Consequently, the use of the receipts under this flexibility will have no effect on the Council’s Prudential Indicators.

# 11. Treasury Management Strategy

# 1. Background

- 11.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 11.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 11.3 In preparing this strategy the Council has had regard to the advice received from its appointed Treasury Management advisors, Arlingclose Ltd who have helped shape the content of this strategy. The current contract for advice is for four years expiring on 31 December 2025.
- 11.4 Investments held for service purposes or for commercial profit are considered in the Investment Strategy (see **Annex 12**).

## 2. External Context

- 11.5 **Economic background:** The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.
- 11.6 The Bank of England Base Rate (Bank Rate) increased by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021. The decision was voted for by a 7-2 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for a 0.50% rise and the other for just a 0.25% rise.
- 11.7 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with Consumer Price Index (CPI) inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected to remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 11.8 The UK economy grew by 0.2% between April and June 2022, but the Bank of England (BoE) forecasts Gross Domestic Product (GDP) will decline by 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 11.9 CPI is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%. However, the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target.
- 11.10 The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.5%, driven mostly by a shrinking labour force. Earnings were up strongly in nominal terms by 6% for total pay and 5.4% for regular pay but factoring in inflation means real total pay was -2.4% and regular pay -2.9%. Looking forward, the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
- 11.11 Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.75% in November 2022 to 3.75%-4.0%. This was the fourth successive 0.75% rise in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 8%. GDP grew at an annualised rate of 2.6% between July and September 2022, a better-than-expected rise, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 11.12 Inflation has been rising consistently in the Euro Zone since the start of the year, hitting an annual rate of 10.7% in

October 2022. Economic growth has been weakening with an expansion of just 0.2% in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.75% in October, the third major increase in a row, taking its main refinancing rate to 2% and deposit facility rate to 1.5%.

- 11.13 **Credit outlook:** Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
- 11.14 The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
- 11.15 There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.
- 11.16 **Interest rate forecast:** The Authority's treasury management adviser, Arlingclose forecasts that Bank Rate

will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

- 11.17 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.
- 11.18 Yields are expected to remain broadly at current levels over the medium-term, with 5, 10 and 20-year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the three year period to September 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 11.19 A more detailed economic and interest rate forecast provided by Arlingclose Ltd is attached at **Annex A**.
- 11.20 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 4.60%, which takes into account strategic fund investments, and that new borrowing in the form of short-term loans will be borrowed at an average of 4.00%.

### 3. Local Context

11.21 As at 28 November 2022 the Authority currently has borrowings of £225m and treasury investments of £87m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1**.

**Table 1: Balance Sheet Summary and Forecast**

	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
General Fund CFR	448	506	538	595	568
Less: Other long-term liabilities *	(19)	(18)	(17)	(17)	(15)
<b>Loans CFR</b>	<b>429</b>	<b>488</b>	<b>521</b>	<b>578</b>	<b>553</b>
Less: External borrowing **	(123)	(77)	(77)	(77)	(77)
<b>Internal (over) borrowing</b>	<b>306</b>	<b>411</b>	<b>444</b>	<b>501</b>	<b>476</b>
Less: Usable reserves	(147)	(122)	(114)	(109)	(103)
Less: Working capital	(80)	(75)	(73)	(71)	(69)
<b>Treasury Investments (or New borrowing)</b>	<b>(79)</b>	<b>(214)</b>	<b>(257)</b>	<b>(321)</b>	<b>(304)</b>

\* PFI liabilities that form part of the Authority's debt

\*\* shows only loans to which the Authority is committed and excludes optional refinancing

11.22 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

11.23 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £124m over the forecast period.

11.24 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority expects to comply with this recommendation during 2023/24.

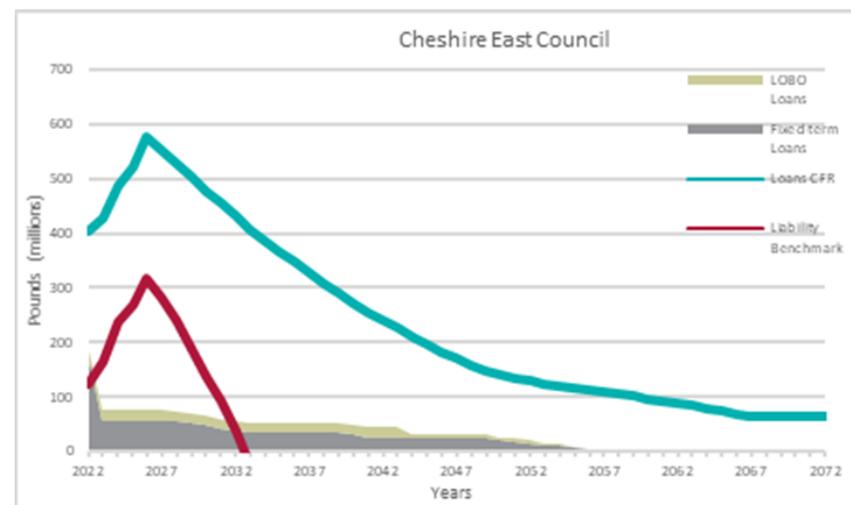
11.25 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as **Table 1** above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

**Table 2: Liability Benchmark**

	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
Loans CFR	429	488	521	578	553
Less: Usable reserves	(147)	(122)	(114)	(109)	(103)
Less: Working capital	(80)	(75)	(73)	(71)	(69)
Plus: Minimum investments	20	20	20	20	20
<b>Liability Benchmark</b>	<b>222</b>	<b>311</b>	<b>354</b>	<b>418</b>	<b>401</b>

11.26 Following on from the medium-term forecasts in **Table 2** above, the long-term liability benchmark assumes minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 3.0% a year. This is shown in **Chart 1** below.

**Chart 1: Liability Benchmark Chart**



## 4. Borrowing Strategy

- 11.27 The Authority currently holds loans of £225m. Cash flow shortfalls arising from past debt repayments and capital spending are currently being funded through cheaper short-term borrowing. The Authority may also borrow additional sums to pre-fund future years' requirements providing this does not exceed the authorised limit for borrowing although at the present time we are not expecting to do this.
- 11.28 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 11.29 Given the significant cuts to public expenditure and in particular to Local Government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to use both internal resources and to borrow short-term loans instead.
- 11.30 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Our treasury advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 11.31 The Authority will consider sources other than PWLB when raising long-term loans including banks, pension funds and Local Authorities and will investigate the possibility of issuing bonds and similar instruments in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.
- 11.32 Alternatively, the Authority may arrange forward starting loans during 2023/24, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 11.33 In addition, the Authority may borrow further short-term loans to cover unexpected or planned temporary cash flow shortages.
- 11.34 The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB Lending facility (formerly the Public Works Loan Board)
  - Any UK public sector body
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK

- UK public and private sector pension funds (except Cheshire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Salix Finance Ltd energy efficiency loans

11.35 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

11.36 **Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

11.37 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2023/24, and

with interest rates having risen recently, there is now a reasonable chance that the lender will exercise their option. If they do, the Authority will take the option to repay the LOBO loans to reduce refinancing risk in future years.

11.38 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

11.39 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

## 5. Treasury Investment Strategy

- 11.40 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £28m and £113m with peaks in cash associated with receipts of grants in advance of expenditure and earlier borrowing decisions based on anticipated levels of expenditure which did not materialise. Levels of around £40m are expected to be maintained in the forthcoming year.
- 11.41 The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 11.42 As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will, therefore, be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of £20m strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 11.43 The CIPFA code does not permit local authorities to both borrow and invest long-term for cash flow management. However, the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 11.44 **ESG Policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and, therefore, the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code. In the past year the Authority has moved some of the Money Market Fund investments into a HSBC fund which prioritises ESG credentials.
- 11.45 Under the new IFRS9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

11.46 The Authority may invest its surplus funds with any of the counterparties in **Table 3** below, subject to the cash limits (per counterparty) and time limits shown.

**Table 3: Treasury Investment Counterparties and Limits**

Sector	Time Limit	Counterparty Limit	Sector Limit
UK Government	3 years	Unlimited	n/a
Local Authorities and other Government Entities	3 years	£12m	Unlimited
Secured Investments*	3 years	£12m	Unlimited
Banks (unsecured)*	13 months	£6m	Unlimited
Building Societies (unsecured)*	13 months	£6m	£12m
Registered Providers (unsecured)*	3 years	£6m	£25m
Money Market Funds*	n/a	£12m	Unlimited
Strategic Pooled Funds	n/a	£12m	£50m
Real Estate Investment Trusts	n/a	£12m	£25m
Other investments*	3 years	£6m	£12m

This table must be read in conjunction with the notes below.

11.47 \* **Minimum Credit Rating:** Treasury Investments in sectors marked with an Asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

11.48 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

11.49 **Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- 11.50 **Banks and Building Societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 11.51 **Registered Providers (unsecured):** Loans to, and bonds issued or guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving Government support if needed.
- 11.52 **Money Market Funds:** Pooled funds that offer same day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risk, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 11.53 **Strategic Pooled Funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short-term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 11.54 **Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 11.55 **Other Investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- 11.56 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to the lowest practical levels per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 11.57 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

11.58 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

11.59 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential Government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management advisor. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

11.60 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will

be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This may cause investment returns to fall but will protect the principal sum invested.

11.61 **Investment Limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £147m on 31 March 2023. In order that no more than 5% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £6m. Secured investments will have a higher limit of £12m per organisation. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Table 4: Additional Investment Limits**

Type of Counterparty	Cash Limit
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£12m per country

11.62 **Liquidity management:** The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

## 6. Treasury Management Indicators

11.63 The Authority measures and manages its exposures to treasury management risks using the following indicators.

11.64 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% <b>rise</b> in interest rates	£740,000
Upper limit on one-year revenue impact of a 1% <b>fall</b> in interest rates	£0

11.65 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates. The Council is expected to remain a net borrower in 2023/24 so a fall in rates would lead to savings rather than incurring additional cost.

11.66 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper	Lower
Under 12 months	75%	0%
12 months and within 24 months	75%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

11.67 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in the shorter periods is relatively high as there is no shortage of liquidity in the market and short-term funding remains cheaper than alternatives. This will enable the Council to finance temporary cashflow shortfalls at year-end more economically. This will be kept under review as it does increase the risk of higher financing costs in the future.

11.68 **Long-Term Treasury Management Investments:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price Risk Indicator	2023/24	2024/25	2025/26	No Fixed Date
Limit on principal invested beyond year-end	£25m	£15m	£10m	£30m

11.69 Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

11.70 The Authority has not adopted the voluntary measures disclosures on security of investments or liquidity.

11.71 Security of investments can be measured by the credit rating assigned to the counterparty but for many of our investments (principally other Local Authorities and strategic high yielding funds) there are no assigned credit ratings. Also, the credit rating assigned to Money Market Funds is typically AAA, but the underlying investments are considerably lower. Any measure adopted would therefore add little value.

11.72 Liquidity is a self-imposed measure generally on the minimum value of funds which the Council must keep as being immediately available in order to meet unexpected payments. Alternatively, a measure linked to borrowing may

be considered. In practice the Council's cash varies throughout the year meaning that at certain times the focus of liquidity is on investments and at other times on borrowing. Setting a minimum amount to hold for liquidity purposes may mean that the Council has to borrow unnecessarily to cover short periods. For example, if a liquidity limit of £10m is set and cash is predicted to fall to say £4m for a few days we would have to borrow the additional £6m usually at a slightly higher cost than we receive for investment due to commissions payable. In the unlikely event that an unexpected payment would result in a need to borrow then availability of funds from inter LA markets is high, and borrowing would be limited to need. Cash flow forecasting is carried out daily thereby allowing any borrowing to be planned and limited to need.

## 7. Other Items

- 11.73 The CIPFA code requires the Authority to include the following in its treasury management strategy.
- 11.74 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (for example, interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (such as LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (meaning those that are not embedded into a loan or investment).
- 11.75 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 11.76 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 11.77 In line with the CIPFA code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 11.78 **External Funds:** The Authority acts as the accountable body for Cheshire & Warrington Local Enterprise Partnership (CW LEP) and for the Cheshire & Warrington Development Ltd Partnership (Evergreen Fund). The Council holds significant cash balances on their behalf prior to expenditure which is either invested short-term or has reduced the need for external borrowing. For CW LEP, the Authority shares the interest benefit based on an agreed method for each fund which is either the average rate achieved on the Councils in-house (non-strategic) investments or an agreed market indicator rate. Surplus Evergreen Fund balances are required to be invested by the fund so the Council acts as a borrower with an agreed variable interest rate based on the average rate achieved on the Councils in-house (non-strategic) investments.
- 11.79 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services including advisers, banks, brokers and fund managers, allowing it to access a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, this seems to be the most appropriate status.

## Annex A: Economic and Interest Rate Forecast

### Underlying assumptions:

- UK interest rate expectations have eased following the mini-budget, with a growing expectation that UK fiscal policy will now be tightened to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower, although the path for interest rates and gilt yields remain highly uncertain.
- Globally economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates and tighten economies into recession.
- The new chancellor dismantled the mini-budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.
- The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The short- to medium-term outlook for the UK economy is bleak, with the BoE projecting a protracted recession.
- Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key

influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.

- Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.
- However, in a departure from Fed and ECB policy, in November the BoE attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium-term. This did not stop the Governor affirming that there will be further rises in Bank Rate

### Forecast:

- The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets.
- Following exceptional 75bp rise in November, Arlingclose believes the MPC will slow the rate of increase at the next few meetings. Arlingclose now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.
- The UK likely entered into recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.
- Arlingclose expects gilt yields to remain broadly steady despite the MPC's attempt to push down on interest rate expectations.

Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.

- Gilt face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales will maintain yields at a higher level than would otherwise be the case.

### Treasury Advisor, Arlingclose Ltd, 3 Year Interest Rate Forecast

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.50	3.50	3.50
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.90	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.75	3.75	3.75
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.36	3.65	3.90	3.90	3.90	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.70	3.75	3.75	3.75	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.88	4.00	4.00	4.00	4.00	4.00	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.24	3.40	3.40	3.40	3.40	3.40	3.30	3.30	3.30	3.30	3.30	3.30	3.30
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB certainty rate = relevant gilt yield + 0.80%

## Annex B: Existing Investment and Debt Portfolio Position

	28/11/2022 Actual Portfolio £m	28/11/2022 Average Rate
<b>External Borrowing:</b>		
Local Authorities	123	1.25%
PWLB - Fixed Rate	60	4.53%
LOBO Loans	17	4.63%
Other	5	2.08%
<b>Total External Borrowing</b>	<b>205</b>	<b>2.61%</b>
<b>Other Long-Term Liabilities:</b>		
PFI	20	-
<b>Total Gross External Debt</b>	<b>225</b>	<b>-</b>
<b>Treasury Investments:</b>		
<i>Managed in-house</i>		
Short-term investments		
Instant Access	54	2.92%
Fixed Term Deposits	13	2.74%
<i>Managed externally</i>		
Property Fund	8	4.31%
Multi Asset Fund	5	6.35%
Equity Fund	2	7.66%
Global Income Fund	4	5.85%
Corporate Bond Fund	1	2.90%
<b>Total Investments</b>	<b>87</b>	<b>3.46%</b>
<b>Net Debt</b>	<b>138</b>	<b>-</b>

# 12. Investment Strategy

# 1. Purpose

- 12.1 The purpose of the Investment Strategy is to:
- set out the Council's approach to managing investments
  - establish financial limits for various classifications of investment
  - recognise the role and responsibilities of the Finance Sub-Committee and its position as the main conduit through which investment opportunities should be considered
- 12.2 The definition of an **investment** covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.
- 12.3 The Council has a Capital Strategy (prepared in line with the requirements of the Prudential Code); and a Treasury Management Strategy (prepared in line with the requirements of the Treasury Management Code) – relevant disclosures are made within each document.
- 12.4 Consequently, this Investment Strategy is part of a suite of related documents and focuses predominantly on matters not covered by the Capital Strategy and Treasury Management Strategy.

## Statutory Background

- 12.5 On 2 February 2018 the Department for Levelling Up, Housing and Communities (DLUHC) (formerly MHCLG) published updated statutory guidance on capital finance, in respect of Local Government investments and the minimum revenue provision. The guidance may be found at: <https://assets.publishing.service.gov.uk/>
- 12.6 The guidance was issued to reflect concerns raised by government over patterns of local authority behaviour particularly with respect to the exponential increase in borrowing to invest in commercial properties and other investments where a return was a primary aim. There was concern that local authorities were being exposed to high levels of financial risk through borrowing and investment decisions and that could have a detrimental impact on services if investments did not perform as expected. The requirement to produce this annual Investment Strategy, to be approved by Full Council, was an attempt to recognise this and ensure that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.
- 12.7 In the November 2020 Autumn Statement the Chancellor of the Exchequer went further and effectively prohibited the future purchase of commercial assets primarily for generating yield. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) would not advance any lending to the Authority. It is clear therefore that yield should be an

incidental, rather than the principal factor, in any future decision to acquire an investment asset.

- 12.8 2021 saw regulators continue this direction of travel to strengthen and codify the rules around commercial assets and borrowing for yield. In December 2021 CIPFA issued a revised Prudential Code which placed further limitations on the ability of Local Authorities to borrow and invest.
- 12.9 The new Code incorporated updated and revised content in respect of Authorities not borrowing more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. It strengthened previous guidance that authorities “must not borrow to invest primarily for financial return”. This included any form of borrowing whether it be public or private sector. In addition, it included proportionality as an objective in the Prudential Code; and further provisions were included so that an Authority considered an assessment of risk to levels of resources.
- 12.10 The code is clear to make the distinction between the normal activities that a Council should undertake and those which will expose it to greater risk and uncertainty. Three investment categories have been recognised and they are reflected in this Authority’s definition and presentation of investment information.
- 12.11 It has been the need to diversify and grow revenue income sources to meet growing service pressures and the availability of cheap borrowings that has fuelled the growth in local authority investments. The last year has seen the investment decisions of several local authorities come under scrutiny along with some high-profile failures. These have vindicated the regulators cautionary approach and

reinforced to stakeholders that investments come with risk and real consequences when they go wrong.

- 12.12 More than ever Members need to ensure that they are fully informed and capable of making decisions on investments particularly in areas that are far removed from normal Council activities and area of expertise.

### Introduction

- 12.13 The Authority invests its money for three broad purposes, and these are reflected in the revised Prudential Code:
1. because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
  2. to support local public services by lending to or buying shares in other organisations (**service investments**), and
  3. to earn investment income (known as **commercial investments** where this is the main purpose).
- 12.14 Often there may be a crossover of purposes for investments within the Authority. Whilst a return may be a by-product of an investment this is rarely the overriding reason for making or retaining an investment. It will normally be linked to other long term strategic or regeneration factors.
- 12.15 This Investment Strategy meets the requirements of the statutory guidance issued by DLUHC in February 2018 and focuses on the second and third of the above categories.

## 2. Investment Indicators

12.16 The Authority has set the following quantitative indicators to allow elected Members and the public to assess the Authority's total risk exposure arising from its investment decisions.

12.17 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

**Table 1: Total investment exposure in £'000**

Total investment exposure	31/03/22 Actual	31/03/23 Forecast	31/03/24 Forecast
Treasury management investments	54,300	40,000	40,000
Service investments: Loans	6,733	6,760	6,740
Service investments: Shares	2,610	2,610	2,610
Commercial investments: Property	28,588	28,588	28,588
Commercial Investments: Loans	8,271	3,776	3,776
<b>TOTAL INVESTMENTS</b>	<b>100,502</b>	<b>81,734</b>	<b>81,714</b>
Commitments to lend	2,418	6,097	6,097
<b>TOTAL EXPOSURE</b>	<b>102,920</b>	<b>87,831</b>	<b>87,811</b>

12.18 The Council has total investments exposure estimated at £87.8m by March 2023 (£47.8m excluding treasury management), of which £28.5m relates to property investment backed by physical assets with an income stream and alternative use. Other investments are loans for economic development purposes; and due to their nature, they are not a material element of our budgeting for interest income within the MTFs.

12.19 **How investments are funded:** Currently the Authority's investments are largely funded by usable reserves and income received in advance of expenditure. Prudential borrowing is being used in limited circumstances and performance is closely monitored.

**Table 2: Investments funded by borrowing in £'000**

Investments funded by borrowing	31/03/22 Actual	31/03/23 Forecast	31/03/24 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	21,517	20,810	20,088
Commercial Investments: Loans	8,000	3,776	3,776
<b>TOTAL FUNDED BY BORROWING</b>	<b>29,517</b>	<b>24,586</b>	<b>23,864</b>

12.20 **Rate of return received:** In part this indicator shows, for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the nature of the local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

**Table 3: Investment rate of return (net of all costs)**

Investments net rate of return	2021/22 Actual	2022/23 Forecast	2023/24 Forecast
Treasury management investments	2.13%	2.70%	2.20%
Service investments: Loans	-3.00%	-7.51%	0.25%
Service investments: Shares	NIL*	NIL*	NIL*
Commercial investments: Property	2.95%	3.15%	3.20%
Commercial Investments: Loans	3.20%	3.16%	3.13%

12.21 The return for Service Investments: Loans is not a true return but is instead based largely on the % fluctuation in the underlying value of the new assets within the Life Science Fund. As such they do not reflect actual cashflows. If Life Science was excluded the 2022/23 forecast figure was 5.32% - after excluding a non-interest bearing loan.

12.22 Historically we have shown the % movement in the carrying value of our shareholding in Alderley Park Holdings Limited as a return within the category Service Investments: Shares.

However, this is not a real return or cashflow. Typically, a return on a share would be based upon the dividend yield and there have been no dividends paid. Therefore, this has now been shown as Nil. There has been a downward revaluation of property assets at Alderley Park which has impacted the underlying asset value. We will continue to monitor for signs of recovery, but the asset value remains more than the Authority paid for the shares.

12.23 The major assets included within Commercial Investments: Properties, representing over 90% of the value in that classification, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on 'bricks and mortar retail', the Council will only experience an impact on its Revenue Account if a site becomes vacant for a prolonged period or is subject to a (lower) rent review.

12.24 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both have thus far weathered the local economic effects of the past three years though we might expect further reductions in asset value in this financial year.

12.25 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. Overall returns are affected by the fact that returns for one of the sites is reduced by the costs required to repay borrowing. Additionally, across other properties occupancy and rents received appear to be recovering from the falls seen during Covid-19 though associated costs have risen. These are under review.

12.26 The Commercial investments: Loans are at the expected level of return given the rates in place when they were established.

### 3. Treasury Management Investments

12.27 The Authority typically receives its income, such as taxes and grants, before it pays for expenditure such as through payroll and invoices. It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, can lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

12.28 The Constitution of the Authority delegates the power to manage and make Treasury Management Investments to the Section 151 Officer via the Treasury Management Strategy.

12.29 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

12.30 **Further details:** Full details of the Authority's policies and plans for 2023/24 for treasury management investments are covered in the separate Treasury Management Strategy (**Appendix 11**).

### 4. Service Investments: Loans

12.31 **Contribution:** The Council lends money to other organisations to support local public services and stimulate economic growth. These are shown below in Table 4. No

new loans were issued in the year though there were movements on existing loans.

12.32 Interest bearing loans have been provided to Everybody Health & Leisure Trust (Everybody) for the purpose of investing in new equipment, with the aim of increasing the usage of leisure facilities and improving the health of residents. These are included within the Local Charities category.

12.33 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. To retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and interest free loan. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.

12.34 In addition, the Council has committed to investing £5m (and has lent £4.9m as at December 2022) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners in the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership and Alderley Park Holdings Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire & Warrington areas, which includes Alderley Park where the Fund is based.

12.35 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. The GM Life Science Fund is "revalued" on an annual basis based upon

the net asset valuation of the Fund and this can lead to short term fluctuations in the notional returns of this loan category. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallise when funds are extracted. The Authority has decided against committing new funds to a follow up fund for the time being.

12.36 Only the Everybody loans are interest bearing and are reflected in the “Local Charities” category. These are accrued at a rate of Bank of England base rate plus 4%.

12.37 The Council may consider making further Service Investment Loans in 2023/24, subject to business cases and where the balance of security, liquidity and yield have been considered as part of robust risk assessment.

12.38 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as per Table 4.

**Table 4: Loans for service purposes in £'000**

Category of borrower	31/03/22 Actual £000	31/03/23 Forecast £000	31/03/23 Forecast £000	31/03/23 Forecast £000	2023/24 £000
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	23	24	1	23	500
Local businesses	6,043	6,447	70	6,377	30,000
Local charities	515	289	42	247	2,500
<b>TOTAL</b>	<b>6,581</b>	<b>6,760</b>	<b>113</b>	<b>6,647</b>	<b>35,000</b>

12.39 Accounting standards require the Authority to set aside loss allowances for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority’s Statement of Accounts are shown net of this loss allowance. The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Rather, the allowance represents a prudent accounting treatment required by CIPFA guidance. The Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

12.40 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans. Each application for a loan requires completion of a business

case. This is followed by a process of due diligence taking into account creditworthiness and financial standing and the Council's corporate objectives. External advisors are used where appropriate, dependent on materiality and scope of the loan arrangement. Each application is considered on a case by case basis.

- 12.41 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is also contracting party to loans provided to organisations from the Growing Places Fund. This £12m Fund was established with Government grants and is "owned" by the Local Enterprise Partnership; consequently, these investments are not made using Cheshire East's resources and are not reflected in the table above, as regards investments made, or affecting upper limits of lending.

## 5. Service Investments: Shares

- 12.42 **Contribution:** The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth.
- 12.43 As noted above, the Authority has invested in Alderley Park Holdings Limited to maintain and stimulate this key strategic industry of life sciences within the borough. Cheshire East is a 10% shareholder in Alderley Park and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (39% shareholder).
- 12.44 This should be seen as a long-term strategic investment. There have been no dividend returns and any changes in % returns have been based upon the change in value of our share of the underlying assets which will fluctuate as the site

continues its transition from a single user to a multiuser campus. In line with the commercial property sector, the internal valuation of our stake has fallen (i.e., reduction in net asset value) in the last three years, due in large part to the general fall in value of property-based companies. However, the following observations should be noted:

- 12.45 The valuation (see Table 5) is still greater than the purchase price and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place. We expect valuations to improve in the future.
- 12.46 The reduction in value largely arises from accounting transactions/ re-valuations. A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake. This is not currently under consideration. As it is a long-term strategic asset there is ample time for the sector to recover.
- 12.47 The Council also has shares in its subsidiary, wholly owned companies. However, they are of nominal value, and the share values are not considered material in the context of this Investment Strategy.
- 12.48 As reflected in this strategy a key objective of future investments will be to generate a return to benefit the Council's Revenue Account. However, the Council may consider acquiring shares in companies if there is a compelling business case demonstrating strong potential for growth in capital value.
- 12.49 **Security:** One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. To limit this risk, upper limits on the sum invested in each category of shares have been set.

**Table 5: Shares held for service purposes in £'000**

Category of company	31/03/22 actual £000	31/03/23 forecast £000	31/03/23 forecast £000	31/03/23 forecast £000	2023/24 £000
	Value in accounts	Amounts invested	Total Gains/ (Losses)	Value in accounts	Approved Limit (at cost)
Local businesses	2,610	1,070	1,540	2,610	10,000
<b>TOTAL</b>	<b>2,610</b>	<b>1,070</b>	<b>1,540</b>	<b>2,610</b>	<b>10,000</b>

12.50 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and being part of the entities' governance arrangements, having a seat on the Board, and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

12.51 **Liquidity:** With regard to the existing equity stake in Alderley Park, it was deemed to be a long-term investment, supporting a business and site development plan through to at least 2025. As described above, regular monitoring and receipt of updated business plans will help to inform considerations with regards to the selling of shares; and it is important to note, as a minority shareholder in Alderley Park, that shares must first be offered to other shareholders in those private enterprises (and consequently the prospects

for disposing of shares should be seen as good, as evidenced by the sale of shares in Manchester Science Partnerships in 2019).

12.52 In the event of considering whether to make further Service Investments via shares, the Council will consider maximum investment periods on a case-by-case basis, taking into consideration the prospects for funds being accessible when required (e.g. to repay borrowing; or for other capital financing purposes) by making an assessment of liquidity, given the nature of the proposed investment (e.g. the type of organisation; the market in which it operates).

12.53 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

## 6. Commercial Investments: Property

12.54 For the purpose of this Strategy, it should be noted that DLUHC defines property to be an investment if it is held primarily or partially to generate a profit. To comply with accounting classifications, the Authority includes several assets in Table 6 that might otherwise be excluded as they are not being held to primarily generate a yield or return.

12.55 Central government continues to express concern over the level of commercial investments held by local authorities and the risk that this presents if an authority becomes over

exposed. Real world examples are now emerging where this eventuality has come to pass. Changes to the Prudential Code have reinforced opposition to investment in commercial property.

12.56 The government has effectively regulated against the purchase of commercial assets primarily for generating yield. Consequently, there have been no new commercial properties acquired in the year and any future investments will be aligned to normal Council service provision. Whilst this limits the Authority's ability to invest in commercial property for investment purposes, it is recognised that regeneration is a necessary factor which could result in legitimate purchases of such property. Careful attention will need to ensure that yield is an incidental factor in any future decision to invest in a commercial property investment.

12.57 **Contribution:** The Council invests in local commercial property and land, for a number of reasons. The intention of making a profit that will be spent on local public services is largely a by-product and is not the primary reason.

12.58 Historically, the most significant commercial investment acquired by the Authority is land and buildings on the North and East side of Weston Road in Crewe, purchased in April 2019. This accounts for 80% of the net book value in the accounts in this particular asset classification.

12.59 We have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple calculation of yield.

12.60 The value of properties is updated annually. The most recent valuation is from March 2022 and reflect the second year of COVID-19. In the year to March 2021, we noted that the value of retail property held up whilst that of industrial units and enterprise centres was valued downwards. The year to March 2022 saw retail values continue to grow and the other categories have made modest gains. All categories are still valued at more than purchase cost. There has been a reclassification in the year and an office property has been added to the listing as it was deemed appropriate to classify it as an investment asset. This resulted in £533,000 being added to the valuation. \* Note that no gain has been deemed to have arisen in the last two years with the gain on the purchase cost occurring in prior years.

**Table 6: Property held for investment purposes in £'000**

Property	Actual	31/03/22 actual		31/03/23 expected	
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts
Industrial Units	1,492	11	1,740	0	1,740
Enterprise Centres	245	20	340	0	340
Retail	23,300	371	25,975	0	25,975
Office	240	*-	533		533
<b>Total</b>	<b>25,277</b>	<b>402</b>	<b>28,588</b>	<b>0</b>	<b>28,588</b>

12.61 **Security:** In accordance with Government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

12.62 **Where value in accounts is at or above purchase cost:** A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2022/23 year end accounts preparation and audit process value these properties below their purchase cost, then an updated Investment Strategy will be presented to Full Council detailing the impact of the loss on the security of investments and any revenue consequences arising there from.

12.63 **Where value in accounts is below purchase cost:** The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and the Authority is therefore taking mitigating actions to protect the capital invested. These actions include annually reviewing the Commercial Properties portfolio; and where the fair value is below the original purchase price alternative actions are considered (e.g., changing the use of the asset to earn additional investment income; refurbishing the asset to make it more attractive to the market; or re-purposing the asset for use by the Council as an operational property where services to the public will be provided from). If no alternative service uses are considered viable it will be classed as surplus to requirements and steps will be taken to market the asset for sale to realise a capital receipt.

12.64 **Risk assessment:** The Authority assesses the risk of loss before acquiring and whilst holding property investments by:

- Before entering into any commercial property investment, the Authority assesses the local market conditions, by establishing the supply and demand of the need for a certain type of commercial property investment, what competition currently exists locally, nationally and globally dependent on the type of activity that will take place in the asset (for example retail units, industrial units or residential properties). These decisions are made alongside the expertise, knowledge and market evidence collected from our Economic Development Service.
- The Authority also ensures that when setting rental income on the assets a cost of use and sensitivity analysis is completed, to future proof the running and maintenance costs of the assets so that rents are set at a level where they are competitive in the local market but will also ensure that the income will provide that additional financial security.
- Whilst holding the commercial properties we continually review market prices, look out for changes in the market, and assess the competition.
- The Authority constantly monitors any changes in the political environments, locally, nationally and globally to assess any potential impact on the local rental markets.

12.65 Future investments would be considered in the first instance by the Section 151 Officer supported by other officers. Any final decision would be made by the Finance Sub-Committee. Should any investments be identified then the Section 151 Officer can initiate steps to move funds into the main Capital Programme.

12.66 This Investment Strategy acknowledges that with the introduction of the committee system the role of the Finance Sub-Committee is the body that has the role to consider

future investments and make recommendations to Council for ultimate approval of individual investments.

12.67 No new investments are currently anticipated. However, given that significant commercial retail property has been purchased more emphasis will need to be given towards the category of any future investment to ensure that the portfolio is diversified and not overly reliant upon a single sector.

12.68 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority constantly monitors the use of all assets and where there is a market for a particular asset or asset type will look into realising the capital receipt on those assets if it outweighs the long-term benefits of holding the asset for a potential rental stream.

## 7. Commercial Investments: Loans

12.69 **Contribution:** The Authority has worked alongside Cheshire West and Chester Council and Warrington Borough Council to each provide the Cheshire & Warrington Local Enterprise Partnership (LEP) with a £10m loan facility to be used to invest in economic development schemes across the Enterprise Zones in the sub-region. The existing Strategic Capital Projects budget has been utilised for this purpose.

12.70 The first loans totalling £8m in respect of Alderley Park Glasshouse and Blocks 22-24 were made in December 2020. The purpose is to stimulate economic development, and payback of the loans will be achieved from business rates retained by the LEP under Enterprise Zone

regulations. The loan in respect of Blocks 22-24 was repaid in July 2022. Whilst the facility is still available there are no imminent plans to draw down further amounts.

**Table 7: Loans for Commercial Purposes in £'000**

Category of borrower	31/03/22 Actual	As at 31/03/23 Forecast			2023/24
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Partner Organisations	7,903	3,776	174	3,602	20,000
<b>TOTAL</b>	<b>7,903</b>	<b>3,776</b>	<b>174</b>	<b>3,602</b>	<b>20,000</b>

12.71 When considering making commercial investment loans, there will always be a Council policy-related objective (e.g., regeneration or economic development) in addition to the objective of financial benefit (yield) to the Council's Revenue Account (i.e., interest received) being greater than the costs to the Revenue Account (e.g. debt financing).

12.72 In considering commercial loan investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed

12.73 **Risk assessment:** The Authority assesses the risk of loss before entering into commercial loans with a thorough due diligence process by: assessing the proposition, taking into consideration the market (the nature and level of

competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

- 12.74 Each application for a loan will require completion of a business case. Each loan application is considered on a case by case basis. For commercial loans, the intent is that they will be approved in line with those rules being developed in accordance with Section 10 below. Currently, the approval route will be based upon the source of the funding identified for the Loan.

## 8. Loan Commitments and Financial Guarantees

- 12.75 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is acting as Entrusted Entity to a £20m European Regional Development Fund (ERDF)-supported 'Evergreen' Development Fund, which has commenced and is in the process of making distributions from its first £10m drawdown of funding. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.
- 12.76 The Fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. As such the balances are not included in the investment tables above. The workings of the fund are subject to detailed scrutiny and are managed by a firm of experienced fund managers with a strong track record of

providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

## 9. Proportionality

- 12.77 A major concern for external governing bodies is the extent to which Authorities are dependent upon investment income to fund services. Proportionality forms a key component of the Prudential Code.
- 12.78 The Authority is not materially dependent on return-generating investment activity to achieve a balanced revenue budget, in respect of Place Services. Within the Authority the proportion is consistently below 2.5% and is deemed immaterial. Such is the low proportion that it represents, should it fail to achieve the expected net return, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

## 10. Borrowing in Advance of Need

- 12.79 Government guidance is that local authorities must not borrow more than, or in advance of their needs purely to profit from the investment of the extra sums borrowed. The Authority follows this guidance. Investments are made to meet the strategic needs of the Authority, its residents and local businesses.

## 11. Capacity, Skills and Culture

- 12.80 **Elected Members and Statutory Officers:** Adequate steps are taken to ensure that those elected Members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to consider individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.
- 12.81 The Finance Sub-Committee comprises Members, supported by officers and where necessary, external advisors, provides oversight of the Investment Strategy and acts on recommendations from officers that consider opportunities to enhance the Revenue and Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.
- 12.82 The Authority continues to identify best practice from across the sector and will incorporate this into the evolving Investment Strategy.
- 12.83 It is recognised that in order to support decision making there will be a need to engage external advisors from time to time. The Authority has appointed Arlingclose Ltd as treasury management advisors and receives specific advice on investment, debt and capital finance issues. Other consultants, such as property consultants, are engaged as required.
- 12.84 **Commercial deals:** Steps have been taken to ensure that those negotiating and reporting commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. A team of officers from Place, Finance, Legal, and Procurement are responsible for ensuring that the framework is followed. Where appropriate staff are provided with additional training and up to date skills via CIPFA and other providers.
- 12.85 **Corporate governance:** Corporate governance arrangements have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values and Constitution.
- 12.86 The DLUHC requirement to produce an Investment Strategy, approved annually by Full Council is a key component of the corporate governance framework.

## 12. Glossary of Terms

**Investment** covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments*, which are subject to separate regulatory regimes and therefore are not covered by this guidance.

A **credit rating agency** is one of the following three companies: Standard and Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd.

A **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

### Specified Investments

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling
- The investment is not a long-term investment (the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option)
- The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended]*
- The investment is made with a body or in an investment scheme described as high quality; or with one of the following bodies:
  - i. The United Kingdom Government;
  - ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or
  - iii. A parish council or community council
- should define high credit quality (definition incorporates ratings provided by credit rating agencies)

The **Treasury Management Code** means the statutory code of practice issued by CIPFA: "*Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition*".

The **Prudential Code** means the statutory code of practice, issued by CIPFA: "*The Prudential Code for Capital Finance in Local Authorities, 2021 Edition*".

The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.

# 13. Reserves Strategy

## Executive Summary

- 13.1 Cheshire East Council is maintaining adequate reserves for two main purposes:
1. To protect against risk, and;
  2. To support investment
- 13.2 This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns. At present the risks associated with overall changes in Local Government funding, unprecedented inflationary pressures, and the need to invest now to realise returns in the medium-term, increases the importance of holding reserves in the short-term.
- 13.3 The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.
- 13.4 The Strategy is revised annually, in line with the process to determine the Council's Budget and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium-term.
- 13.5 Cheshire East Council's Reserve Strategy was last approved at Council on 24 February 2022.
- 13.6 The financial review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2023-27 is being reported to Council in February 2023.
- 13.7 This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.
- 13.8 Reserves levels forecast within this strategy are low, reflecting the ongoing impact of inflation and demand. The Council should therefore aim to assign beneficial financial performance or additional income to reserves in the first instance over the medium-term. This approach aligns to the Corporate Plan and can protect long term service provision at a locally determined level.

*Alex Thompson*

**Alex Thompson** FCPFA, IRRV(Hons)

Director of Finance and Customer Services

(Section 151 Officer)

# 1. Introduction

## Types of Reserves

13.9 When reviewing medium-term financial plans and preparing annual budgets the Council considers the management of reserves. Two types of Revenue Reserves will be held:

### General Reserves (see Section 2)

13.10 This represents the non-ring-fenced balance of funds. There are two main purposes of general reserves: to operate as a working balance to manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and to provide a contingency against emerging events or emergencies. The target level of reserves is risk based. General Reserves must be adequate and will increase and decrease as follows:

#### 13.11 Increasing General Reserves

- Planned repayment as set out in the Medium-Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an operating surplus at the close of the financial year, or movement from Earmarked Reserves based on priorities.

#### 13.12 Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.

- Allocation of an operating deficit at the close of the financial year, or movement to Earmarked Reserves based on priorities.

### Earmarked Reserves (see Section 3)

13.13 These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves and this Strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

### Assessing the Adequacy of Reserves

13.14 To assess the adequacy of general reserves, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council therefore adopts formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks are assessed against the Authority's overall approach to risk management.

13.15 There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of

the control environment and systems of internal control, as required by professional standards.

- 13.16 Setting the level of general reserves is just one of several related decisions in the formulation of the Medium-Term Financial Strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.
- 13.17 **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.
- 13.18 These factors can only be assessed properly at a local level. A considerable degree of professional judgement is required. The Section 151 Officer can express advice on the level of balances in cash and / or as a percentage of budget, so long as that advice is tailored to the circumstances of the Authority for that particular year.
- 13.19 Advice will be set in the context of the Authority's process to manage medium-term financial stability and not focus on short-term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium-Term Financial Strategy.

**Table 1:**  
Holding adequate reserves will depend on key Budget Assumptions

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings / productivity gains
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
- The availability of other funds to deal with major contingencies and the adequacy of provisions

**Financial Standing and management**

- The overall financial standing of the Authority (including: level of borrowing, debt outstanding and Council Tax collection rates)
- The Authority's track record in budget and financial management including the robustness of the medium-term plans
- The Authority's capacity to manage in-year budget pressures
- The strength of the financial information and reporting arrangements
- The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level
- The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

- 13.20 The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves is undertaken as part of annual budget preparation.

## 2. General Fund Reserves (Revenue)

### Purposes

- 13.21 The purpose of general reserves is to manage the possible financial impacts to the Authority from:
- Emergencies.
  - In-year emerging financial issues.
  - Reacting to investment opportunities.
- 13.22 The Finance Procedure Rules set the parameters for the use of general reserves.
- 13.23 The in-year use of general reserves requires approval in accordance with the Constitution parameters set by Council. Any use of General Reserves must consider the medium-term impact of the decision and how this will align to the robustness of the MTFS, and to the Reserves Strategy.
- 13.24 In all cases the use of reserves should be approved by the Section 151 Officer.

### Opening Balances

- 13.25 The Council held general reserves as at 1 April 2022 of £12.6m. This included the underspend of £1.1m for the 2021/22 financial year.
- 13.26 In February 2022 the forecast overspend for 2021/22 was £2.3m and this was to be funded from the MTFS earmarked reserve. The positive improvements in the final quarter of the year meant this transaction was no longer required and it was instead transferred to the General Reserves. This was

approved by full Council on 20 July 2022 as recommended by Finance Sub-Committee on 6 July as part of the Outturn 2021/22 report. This took the balance in the General Reserves to a forecast £14.9m.

- 13.27 However, the in-year forecast overspend for 2022/23 is £7.7m, of which, £5.2m if planned to be funded from the MTFS reserve, and the remaining £2.5m will be drawn from General Reserves.
- 13.28 Following a review of the risk assessed minimum level requirement general reserves will increase to £12.4m compared to the February 2022 forecast of £11.5m.
- 13.29 At 1 April 2023, it is anticipated that the Council will hold general reserves of £12.4m, as calculated in **Table 2**.

Table 2	Estimated Balance
	1 April 2023 £m
Amount of General Fund Balance available for new expenditure	14.9
The impact of performance against the 2022/23 Revenue Budget	-2.5
	12.4

## Estimated Movement in Reserves

- 13.30 **Table 3** estimates no movement in general reserves from 2023 to 2027. This does not align to the Corporate Plan target of £20m by 2025. For this reason the Council should consider allocation of beneficial financial performance or additional income to reserves in the first instance over the medium-term as an approach to complying with the Plan.
- 13.31 The level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).
- 13.32 During 2019 CIPFA published a financial management code designed to support the Local Government sector as it faces continued financial challenge, the Code recognises ‘that using the financial reserves to finance a deficit or to avoid difficult decisions around spending cuts provides temporary relief, but is *not sustainable in the long-term.*’
- 13.33 This guidance from CIPFA follows the National Audit Office (NAO) report on financial sustainability in local authorities. This indicated that there is a heightened risk of more Council’s over the coming years falling into special measures as a result of not reconciling the pressure on budgets.
- 13.34 The reserves position will continue to be monitored and reviewed during 2023/24 to ensure the risk assessed level of £12.4m remains adequate. General reserves of £12.4m as a proportion of net revenue expenditure is 3.5%.

<b>Table 3:</b> The level of reserves will be maintained in the medium-term	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Estimated Balance @ 1 April	14.9	12.4	12.4	12.4	12.4
Estimated Impact of Spending	-2.5	0.0	0.0	0.0	0.0
Planned Contribution	0.0	0.0	0.0	0.0	0.0
<b>Forecast General Reserves @ 31 March</b>	<b>12.4</b>	<b>12.4</b>	<b>12.4</b>	<b>12.4</b>	<b>12.4</b>
Risk Assessed Minimum Level	12.4	12.4	12.4	12.4	12.4

Source: Cheshire East Finance

- 13.35 The level at which reserves are set for 2023/24, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short-term cashflow.

## General Fund Reserves – Risk Assessment

- 13.36 The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate including very high inflation levels, EU Exit, emerging and delayed Government policies (particularly in relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

- 13.37 The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.
- 13.38 Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on citizens.
- 13.39 Risks are categorised, and potential values are applied to them. This presents the potential exposure to financial risk. **Table 4** shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.
- 13.40 The Risk Assessment for 2023/24 provides for the Minimum Level to be set at £12.4m. This is considered a relatively prudent overall target for reserves at 3.5% of the net budget. This reflects the following potential negative financial issues facing the Council in the medium-term:
- Further changes to future Local Government financial settlements may create funding deficits.
  - Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
  - Maintained schools are predicting significant deficit budget positions in their three-year forecasts as a result of staffing costs and special educational needs costs increasing at a faster rate than funding.
- 13.41 It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason, the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).
- 13.42 Risks will be included and managed using the following basic principles:
- a. The risk may impact within the medium-term.
  - b. Risks are potential one-off events.
  - c. The risk will have genuine financial consequences beyond insurance cover.
  - d. Mitigating actions will be in place to minimise the potential requirement for financial support.
  - e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.
  - f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.
- 13.43 As covered in other areas of the Reserves Strategy, financial risk is managed for example by estimating variations, demand led budgets, provisions in the Capital Strategy, limits within the Treasury Management Strategy. Financial and budgetary matters are reported regularly to the Corporate Policy Committee, with the Audit and Governance Committee providing strategic oversight.

Table 4: A robust level of reserves is guided by an assessment of potential risks							
Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	% Risk (a)	Value of Risk Area (b)	Value of risk retained (a x b)	Sub-Total	Risk Assessment
<b>Health &amp; Safety</b>	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	15.0%	£2,000,000	£300,000	<b>£425,000</b>	<b>£400,000</b>
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	25.0%	£500,000	£125,000		
<b>Fire / Structural damage</b>	Major loss of service	Premises not operational / Robust disaster recovery plan	10.0%	£2,000,000	£200,000	<b>£790,000</b>	<b>£800,000</b>
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	28.0%	£2,000,000	£560,000		
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	5.0%	£594,000	£30,000		
<b>Budget Pressures</b>	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	2.0%	£14,900,000	£298,000	<b>£4,386,000</b>	<b>£4,400,000</b>
	Savings proposals challenged by changing priorities.	Impact of 2021/22 outturn / robust remedial plans and monitoring of progress	0.4%	£327,700,000	£1,311,000		
	Forecast deficit budgets in maintained schools	In-Year emerging issues / Robust plans and monitoring of progress	10.0%	£8,700,000	£870,000		
	Higher than anticipated inflation arising in year	Increased inflation on contracts and services / contract management and robust remedial plans	0.4%	£400,830,000	£1,603,000		
	Potential decrease in Council Tax and Business Rates collection rate	Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures	0.1%	£304,000,000	£304,000		
<b>Legal &amp; IT costs</b>	Legal challenges to Council service delivery / charges for services	Court costs and claims for financial settlement / clear processes and good workforce management	50.0%	£750,000	£375,000	<b>£2,125,000</b>	<b>£2,100,000</b>
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	30.0%	£1,000,000	£300,000		
			10.0%	£500,000	£50,000		
<b>Industrial relations / External organisations</b>	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning	1.0%	£140,000,000	£1,400,000		
<b>Strategic Reserve</b>		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes Impact of EUExit on national and local economy	0.6%	£811,581,000	£4,707,000	<b>£4,707,000</b>	<b>£4,700,000</b>
<b>OVERALL RISKS</b>						<b>£12,433,000</b>	<b>£12,400,000</b>
<b>% of Net Revenue Budget</b>							<b>3.5%</b>

13.44 The outcome of this analysis has been to place an estimated total value on the range of risks that may arise, and which are not covered by insurance. This is equivalent in total to £12.4m.

13.45 It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2023/24 Revenue Budget. The key factors are:

- The capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely.
- Potential underachievement of cost reduction targets following consultation processes.
- Demand for services rising above estimated trends.
- Inflation staying at current high levels or even increasing further.
- Changes to Government settlements.

### Adequacy of General Reserves

13.46 The Local Government Finance Act 1988 and 1992 and the Local Government Act 2003 emphasises the importance of sound and effective financial management in England and Wales by the statutory duty of the Section 151 Officer to report to the Authority, at the time the budget is considered and the Council Tax set, on the robustness of the budget estimates and the adequacy of financial reserves.

13.47 CIPFA and the Local Authority Accounting Panel consider that local authorities should establish reserves including the level of those reserves based on the advice of their Section 151 Officer. There is no statutory or recommended minimum level of reserves as they are established by the Section 151 officer making judgements on such matters taking into

account all the relevant known and expected local circumstances. Imposing a statutory minimum would therefore be against the promotion of local autonomy and would conflict with the financial freedoms offered to local authorities.

13.48 The Secretary of State in England has reserve powers to specify in regulations a statutory minimum level of reserves that will be used if authorities fail to remedy deficiencies or run down reserves against the advice of the Section 151 Officer. The Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently and disregards the advice of its Section 151 Officer.

### 3. Earmarked Reserves (Revenue)

#### Purpose

13.49 The purpose of an earmarked reserve is:

- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- To set aside amounts for projects which extend beyond one year.

13.50 Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.

13.51 **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

13.52 For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

- the purpose of the reserve,
- how and when the reserve can be used,
- procedures for the reserve’s management and control,
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
- clear indication of payback periods and approach (if applicable).

Table 5: All earmarked reserves should have a clear rationale	
Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA – LAAP Bulletin 55, 2

- 13.53 When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.
- 13.54 The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.
- 13.55 Earmarked Reserves will be:
- Set up by Full Council, on recommendation by the Section 151 Officer,
  - Supported by a business case,
  - Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
  - Be reviewed at least annually.
- 13.56 Services may also carry forward balances in accordance with Financial Procedure Rules.
- 13.57 Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget setting process, to ensure that they are still appropriate, relevant and adequate for the intended purpose.
- 13.58 The 2022/23 position on earmarked reserves is reported in the 2022/23 Financial Review Report, as part of the 1 December, Corporate Policy Committee report.
- 13.59 All reserves will be subject to revised business cases to ensure that only the required levels are carried over into 2023/24.
- 13.60 At 1 April 2023, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £46.1m. It is estimated that balances will reduce by £13.2m by the end of 2023/24. **Table 6** (overleaf) shows the position on each earmarked reserve.
- 13.61 Certain reserves, such as the MTFS and Collection Fund Reserves, are used to assist with balancing the Council's overall net budget (as shown in the Central budgets row on page 19: Four Year Table with the detail contained in proposals 113-116 in Section 1, page 108 and 109. These have been marked with an asterisk in the **Corporate Policy Committee** table. Overall use of such reserves for this purpose is equal to a total drawdown from reserves of £5.0m in the 2023/24 financial year (a change of £6.3m from 2022/23), made up of various drawdowns and contributions to the revenue budget from these four reserves. All earmarked reserves are subject to annual review at year end to consider options to move balances to general reserves.
- 13.62 Other service proposals within this MTFS will utilise earmarked reserves where necessary and will be noted accordingly (see Section 1 of the MTFS report).
- 13.63 The opening balances also includes COVID-19 grants in the region of £5.9m, which are expected to be fully utilised in 2022/23.

**Table 6 Reserve Summary and Detail by Committee**

<b>Committee Reserves</b>	<b>Opening Balance 1st April 2022 £000</b>	<b>Forecast Movement in Reserves 2022/23 £000</b>	<b>Forecast Closing Balance 31st March 2023 £000</b>	<b>Forecast Movement in Reserves 2023/24 £000</b>	<b>Forecast Closing Balance 31st March 2024 £000</b>
Adults and Health Committee	7,646	(2,276)	5,370	(1,826)	3,544
Children and Families Committee	4,032	(1,073)	2,959	(1,912)	1,047
Corporate Policy Committee	63,113	(28,193)	34,920	(7,955)	26,965
Economy and Growth Committee	3,144	(1,881)	1,263	(624)	639
Environment and Communities Committee	1,056	(501)	555	(427)	128
Highways and Transport Committee	1,936	(905)	1,031	(470)	561
<b>TOTAL EARMARKED RESERVES MOVEMENT</b>	<b>80,927</b>	<b>(34,829)</b>	<b>46,098</b>	<b>(13,214)</b>	<b>32,884</b>

*\*Excluding schools' balances*

## Adults and Health Committee

Name of Reserve	Opening Balance 1st April 2022	Forecast Movement in Reserves 2022/23	Opening Balance 1st April 2023	Forecast Movement in Reserves 2023/24	Forecast Closing Balance 31st March 2024	Notes
	£000	£000	£000	£000	£000	
<b>Adult Social Care Operations</b>						
Adults Directorate	1,020	(450)	570	(460)	110	To support a number of widespread projects within the Adults and Health Directorate. Connected Community Strategy Developments activity has been delayed due to community team focussing on resettlement schemes. Transformation and Improvement of ASC and Care4ce New Model of Care anticipate phasing of appropriation will match the original business case.
DOL's Assessments	397	(397)	0	0	0	Reserve required due to delays in DOLs assessment processing. Anticipated to be fully utilised in 2022/23.
Public Health (LAC funding for 3 years/ Investment in Outcome 5 activities - Adults)	162	(162)	0	0	0	Reserve will be fully utilised by the end of 2022/23, matched off against LAC staff as per the original business case.
<b>Adults Social Care Commissioning</b>						
PFI Equalisation - Extra Care Housing	2,715	80	2,795	0	2,795	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009, and the anticipated gap at the end of the agreement.
NHB Community Grants Staffing	132	0	132	0	132	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects.
<b>Public Health</b>						
Public Health Reserve	3,220	(1,347)	1,873	(1,366)	507	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues. Anticipated that the carry forward ringfenced grant will be spent across 2022/23 to 2025/26.
<b>ADULTS AND HEALTH TOTAL</b>	<b>7,646</b>	<b>(2,276)</b>	<b>5,370</b>	<b>(1,826)</b>	<b>3,544</b>	

## Children and Families Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
<b>Directorate</b>						
Childrens Directorate - Transformation Funding	1,079	(365)	714	(714)	0	Expectation of £65k for CSC New Beginnings. Potentially reducing this reserve to assist with in year mitigations of £300k plus removal of remaining balance to close the 2023/24 funding gap.
Childrens Directorate - C&F ED	422	(68)	354	(354)	0	Estimated spend in 2022/23 of £35k transport review and £8k catering review. Chess review may happen in 2023/24. Balance of reserve being used to close the 2023/24 funding gap.
<b>Childrens Social Care</b>						
Domestic Abuse Partnership	112	(61)	51	0	51	To sustain preventative services to vulnerable people as a result of partnership funding. This is the current budgeted position, however updates will be provided on future reviews. Service are considering the in year deficit as this would not be sustainable in 2023/24 based on current assumptions.
<b>Education and 14-19 Skills</b>						
Skills and Lifelong Learning	30	(30)	0	0	0	To support adult learning, training and improving skills for the workplace. Need to review likelihood of use in 2022/23.
School Organisation & Capital Service	16	(16)	0	0	0	Springfield lease of £28.5k per annum will be a pressure in 2022/23.
SSIF Nexus Programme	9	(9)	0	0	0	Reserve drawdown has now been actioned and allocated to School Improvement to continue to support schools with high disadvantaged learners.
<b>Strong Start, Family Help and Integration</b>						
Troubled Fams Initiative	2,215	(375)	1,840	(844)	996	Crewe Youth Zone and ACT have been assigned funding from shared outcomes of the Supporting Families Programme. Funding by partners to deliver service.
Emotional Healthy Schools	71	(71)	0	0	0	
Public Sector Transformation – contribution to Early Youth Inclusion Fund	57	(57)	0	0	0	Intention to use reserve for in-year mitigation in 2022/23
Complex Dependencies	21	(21)	0	0	0	Intention to use reserve for in-year mitigation in 2022/23
<b>CHILDREN AND FAMILIES TOTAL</b>	<b>4,032</b>	<b>(1,073)</b>	<b>2,959</b>	<b>(1,912)</b>	<b>1,047</b>	

## Corporate Policy Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
<b>Directorate</b>						
Corporate Directorate	1,868	(381)	1,487	0	1,487	To support a number of widespread projects within the Corporate Directorate.
<b>Finance and Customer Services</b>						
Collection Fund Management *	27,424	(13,840)	13,584	(1,546)	12,038	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve - Capital Financing Budget *	6,511	1,500	8,011	(800)	7,211	
Financing Reserve - Corporate Capital Projects	925	(400)	525	(525)	0	
Financing Reserve - People Capital Projects	573	(150)	423	(100)	323	To provide for financing of capital schemes, other projects and initiatives.
Financing Reserve - Place Capital Projects	1,520	(250)	1,270	(200)	1,070	
MTFS Reserve *	10,068	(6,833)	3,235	(2,533)	702	To support the financial strategy and risk management. Reserve balance at end of 2026/27 is forecast at £0.7m.
Section 151 Revenue Grants	28	(28)	0	0	0	Unspent specific use grant carried forward into 2022/23.
Section 151 Revenue Grants - Covid-19	5,989	(5,989)	0	0	0	Covid (Unringfenced) reserve carried forward into 2022/23.
<b>Governance and Compliance</b>						
Insurance Reserve - Cheshire County Fund	130	(187)	(57)	0	(57)	To settle insurance claims and manage excess costs.
Insurance Reserve - Cheshire East Fund	5,164	(1,244)	3,920	0	3,920	To settle insurance claims and manage excess costs.
Elections General	477	225	702	(702)	0	To provide funds for Election costs every 4 years.
Brexit Funding	13	0	13	0	13	
<b>Human Resources</b>						
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	59	(59)	0	0	0	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Pay Structure (M Grade Review)	584	(278)	306	(278)	28	To fund ongoing changes to pay structure.
<b>Policy and Change</b>						
Brighter Future Transformation Programme *	1,780	(279)	1,501	(1,271)	230	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
<b>CORPORATE POLICY TOTAL</b>	<b>63,113</b>	<b>(28,193)</b>	<b>34,920</b>	<b>(7,955)</b>	<b>26,965</b>	

## Economy and Growth Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
<b>Directorate</b>						
Place Directorate	1,684	(1,539)	145	(145)	0	To support a number of widespread projects within the Place Directorate. A significant number of these projects are expected to be fully utilised in year, with the remaining reserve to be fully used in 2023/24.
Investment (Sustainability)	680	(126)	554	(554)	0	To support investment that can increase longer term financial independence and stability of the Council. Forecasts based on timelines for individual projects making up the reserve.
<b>Growth and Enterprise</b>						
Legal Proceedings	285	(50)	235	(100)	135	To enable legal proceedings on land and property matters, this is the anticipated amount based on current costs.
Investment Portfolio	155	174	329	175	504	Reserve being built up to be used in the future if the site is vacated, current lease extends beyond 2026
Homelessness & Housing Options - Revenue Grants	130	(130)	0	0	0	To cover costs of purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families.
Tatton Park Trading Reserve	111	(111)	0	0	0	Service anticipating utilising some of the funds for furniture purchased for the Catering Facility at TPE Ltd costing £16k.
Royal Arcade Crewe	99	(99)	0	0	0	Full drawdown of the reserve necessary to cover the adverse position for Tatton anticipated at the end of 2022/23 Original purpose was to fund vacant possession related costs for the Royal Arcade until demolition. The balance will now be used to pay for ongoing maintenance costs for Crewe Bus station. FM pressures will mean that the reserve will be fully utilised in 2022/23.
<b>ECONOMY AND GROWTH TOTAL</b>	<b>3,144</b>	<b>(1,881)</b>	<b>1,263</b>	<b>(624)</b>	<b>639</b>	

## Environment and Communities Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
<b>Environment and Neighbourhood Services</b>						
Strategic Planning	568	(287)	281	(281)	0	To meet costs associated with the Local Plan - site allocations, minerals and waste DPD.
Trees / Structures Risk Management	202	(52)	150	(50)	100	New reserve to respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Spatial Planning - revenue grant	89	(47)	42	(14)	28	Funding IT costs over 4 years.
Neighbourhood Planning	82	(38)	44	(44)	0	To match timing of expenditure with the receipt of Government grants.
Air Quality	36	0	36	(36)	0	Air Quality Management - DEFRA Action Plan. Relocating electric vehicle chargepoint in Congleton.
Street Cleansing	26	(26)	0	0	0	Committed expenditure on voluntary litter picking equipment and electric blowers, due to be fully utilised in 2022/23.
Custom Build & Brownfield Register	19	(19)	0	0	0	Due to be fully utilised in 2022/23.
Community Protection	17	(17)	0	0	0	Due to be fully utilised in 2022/23.
Licensing Enforcement	15	(15)	0	0	0	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
Flood Water Management (Emergency Planning)	2	0	2	(2)	0	Plans to draw down the reserve in 2023/24 relating to Public Information Works.
<b>ENVIRONMENT AND COMMUNITIES TOTAL</b>	<b>1,056</b>	<b>(501)</b>	<b>555</b>	<b>(427)</b>	<b>128</b>	

## Highways and Transport Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Opening Balance 1st April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31st March 2024 £000	Notes
<b>Highways and Infrastructure</b>						
HS2	985	(200)	785	(275)	510	To support the Council's ongoing programme in relation to Government's HS2 investment across the borough and Transport for the North's Northern Powerhouse Rail Business Case. £200k to be released in 2022/23.
Flood Recovery Works	400	(400)	0	0	0	To be released in 2022/23.
Well Managed Highway Infrastructure Delay	230	(230)	0	0	0	To be released in 2022/23.
Parking Pay and Display Machines / Parking Studies	178	(28)	150	(150)	0	To cover contract inflation for P&D machines and for new regulation from DfT on role of parking in decarbonising transport.
Highways Procurement Proj	104	(27)	77	(26)	51	To finance the development of the Highway Service Contract, this reserve specifically covers the revenue element of Depot mobilisation costs, split over 7 years from start of contract in 2018.
LEP-Local Transport Body	39	(20)	19	(19)	0	To fund the business case work for re-opening the Middlewich rail line. £20k is anticipated to be utilised in 2022/23, with the remaining £19k required in 2023/24.
<b>HIGHWAYS AND TRANSPORT TOTAL</b>	<b>1,936</b>	<b>(905)</b>	<b>1,031</b>	<b>(470)</b>	<b>561</b>	
<b>TOTAL EARMARKED RESERVES MOVEMENT (Excluding Schools' balances)</b>	<b>80,927</b>	<b>(34,829)</b>	<b>46,098</b>	<b>(13,214)</b>	<b>32,884</b>	

## 4. Capital Reserves

- 13.64 Capital receipts received in-year are fully applied to finance the capital programme. A small amount of capital receipts are held in reserve to cover future commitments where receipts are to be used flexibly to fund transformational projects.
- 13.65 Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

## 5. Reserves Strategy Conclusion

- 13.66 Overall Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility to react to investment opportunities. This approach can be supported during the medium-term based on recent performance against budget.
- 13.67 This recognises local issues and allows the Section 151 Officer to report favourably on the adequacy of reserves. The full report of the S.151 Officer is provided on page 15 of the MTFS Full Report.
- 13.68 The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves positions will continue to be reviewed throughout the financial year.

## Background Papers

- 13.69 General Fund Reserves – Risk Assessment Working Papers 2021.  
CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).  
CIPFA Financial Management Code 2019.  
Cheshire East Draft Statement of Accounts 2021/22.

# 14. Financial Authorisation Limits

- 14.1 Financial control is achieved through the mechanism of the Financial Procedures Rules (Chapter 3, Part 4 of the Constitution) and the Financial Schemes of Delegation.
- 14.2 This Annex provides details of the financial authorisation limits for the year 2023/24 to be approved at Budget Council. The financial limits ensure decisions are made at the right level, are formally delegated and involve appropriate consultations with Senior Management, Statutory Officers and Members.
- 14.3 It is appropriate to review these limits on an annual basis to reflect the most up to date financial framework, following a review this Annex confirms the current levels are appropriate for 2023/24.
- 14.4 These limits are in line with the approved Constitution and for 2023/24 apply for the net revenue budget of £353.1m and the capital budget of £214.7m.

## Scheme of Virement

14.5 Approval limits for virements are as follows:

### Virements between budget heads (Excluding Reserves / Contingencies)

Virement Amount	Approval Level
Up to and including £100,000	Relevant Heads of Service
In excess of £100,000 up to and including £500,000	Chief Finance Office in consultation with the Relevant Member(s) of CLT
In excess of £500,000 up to and including: <ul style="list-style-type: none"> <li>• £1,000,000 revenue; or</li> <li>• £5,000,000 capital</li> </ul>	Relevant Member(s) of CLT in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee
Over <ul style="list-style-type: none"> <li>• £1,000,000 revenue; or</li> <li>• £5,000,000 capital</li> </ul> (where virement is within budget and policy framework)	Finance Sub-Committee

### Virements from Reserves or Contingencies

Virement Amount	Approval Level
Up to and including £250,000	Chief Finance Officer
In excess of £250,000 up to and including £500,000	Chief Finance Officer in consultation with the Relevant Member of CLT
In excess of £500,000 up to and including £1,000,000	Finance Sub-Committee
Over £1,000,000	Council with recommendation from Finance Sub-Committee

14.6 Council may approve that specific earmarked reserves for contingencies are allocated within the Budget Control Total of a Committee. The Committee may vire such funds only in consultation with the Chief Finance Officer.

## Supplementary Estimates

14.7 Approval limits for fully funded revenue and capital supplementary estimates are as follows:

Supplementary Estimate Amount	Approval Level
Up to and including £250,000	Relevant Member of CLT
In excess of £250,000 up to and including £500,000	Relevant Member of CLT in consultation with the Chair of the relevant Committee, Chair of Finance Sub-Committee
In excess of £500,000 up to and including £1,000,000	Committee
Over £1,000,000	Council

## Asset Disposal / Write-off

14.8 The Chief Finance Officer may authorise the write-off of losses up to £25,000, or disposals, of obsolete or surplus equipment, materials, vehicles or stores up to a disposal value of £25,000. Where the value exceeds £25,000, but is less than or equal to £100,000 this should be done in consultation with the Finance Sub-Committee Chair. Write-offs over £100,000 will be the responsibility of the Finance Sub-Committee or Corporate Policy Committee.

14.9 Any write-off which arises as a result of theft or fraud must be notified to the Head of Audit and Risk immediately.

## Early Retirement / Severance

14.10 The Chief Executive or Executive Director (Corporate Services) in consultation with the Chair of the Corporate Policy Committee must approve all requests up to £95,000 (excluding pay in lieu of notice and accrued holiday pay). All such requests in excess of £95,000 must be approved by the Corporate Policy Committee or a waiver sought from full Council and Central Government.

## Grants and Donations

14.11 Grants, donations and contributions will be paid by the Council in accordance with the policies determined under paragraph 6.26 of the Financial Procedure Rules, subject to there being adequate provision in service budgets and the appropriate approvals being sought.

Approval level	Amount
Officers	Up to and including £50,000 (where grant is within approved grant policy and fully funded)
Relevant Corporate Leadership Team member in consultation with the Chair of the relevant Committee and Chair of Finance Sub-Committee	Between £50,000 and £100,000 (where grant is within approved grant policy and fully funded)
Committee	All Grants of £100,000 or more.  All grants which do not fall within existing approved grant policy require Corporate Policy Committee approval

## Bad Debts

14.12 Bad Debts may be written off as follows:

Approval level	Amount
Chief Finance Officer	Up to and including £5,000
Chief Finance Officer in consultation with the Monitoring Officer	Over £5,000

14.13 The Corporate Leadership Team is responsible for ensuring that an adequate provision for bad debt is made in the Council's accounts at year-end and that contributions to this provision are included in budgetary projections and outturn.

14.14 A record must be maintained for all debts written off. The appropriate accounting adjustments must be made following approval to write-off a debt. The Chief Finance Officer may provide written delegation to other officers to approve the write-off of debt up to and including £5,000.

# 15. Abbreviations

This Annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
ASC	Adult Social Care
ASDV	Alternative Service Delivery Vehicles – part of the Council's commissioning approach to funding services
BCF	Better Care Fund
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1 April 2013
CAG	Corporate Assurance Group
CDRP	Crime and Disorder Reduction Partnership
CDS	Credit Default Swap
CEC	Cheshire East Council
CEFS	Cheshire East Family Support
CERF	Cheshire East Residents First
CFB	Capital Financing Budget
CFR	Capital Financing Requirement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CSC	Children's Social Care
CTS	Council Tax Support
DfE	Department for Education
DLUHC	Department for Levelling Up, Housing and Communities (formerly Ministry of Housing, Communities and Local Government – MHCLG)
DSG	Dedicated Schools Grant – grant received from Government to fund schools
EqIA	Equality Impact Assessment
EIP	Early Intervention and Prevention
ERP	Enterprise Resource Platform
ESG	Education Support Grant
FTE	Full Time Equivalent

Term	Meaning
FR	Financial Review – in-year financial monitoring report estimating the projected end of year spend
GDP	Gross Domestic Product
GP	General Practitioner
GVA	Gross Value Added
HLBC	High Level Business Case
HM	Her Majesty's
HR	Human Resources – one of the Council's corporate service areas
ICT	Information and Communication Technology – the service responsible for computers, networks, software, hardware and phones
IFS	Infrastructure Funding Statement
LA	Local Authority
LED	Light Emitting Diode
LGA	Local Government Association
LOBO	Lenders Option Borrows Option
LSCB	Local Safeguarding Children's Board
LUF	Levelling Up Fund
MARS	Mutually Agreed Resignation Scheme
MHCLG	Ministry of Housing, Communities and Local Government – now renamed to DLUHC (above)
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
MTFS	Medium-Term Financial Strategy
NEETs	Not in Education, Employment or Training
NFF	National Funding Formula
NHB	New Homes Bonus Grant
NHS	National Health Service
NJC	National Joint Council
NNDR	National Non-Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by Central Government
PHE	Public Health England
PiP	Partners in Practice

Term	Meaning
PMI	Purchasing Managers Index
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works
RPI	Retail Price Index
RSG	Revenue Support Grant
RV	Rateable Value
S151	Section 151 (Officer)
SBRR	Small Business Rate Relief
SCIES	Safeguarding Children in Education Settings
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SLA	Service Level Agreement
SLE	Separate Legal Entity – a delivery model for delivering services in a different way
SOS	Signs of Safety
SSB	Supporting Small Business
TC	Town Centre
TUPE	Transfer of Undertakings (Protection of Employment) regulations
VIC	Visitor Information Centres
VCFSE	Voluntary, Community, Faith and Social Enterprise
WOC	Wholly Owned Company

# 16. Forecasts (February 2022)

Forecasts presented to the Council in February 2022 reported a forecast balanced budget position in the medium-term.

<b>Summary position for 2022/23 to 2025/26</b>	<b>Revised Budget 2021/22 £m</b>	<b>Estimated Net Budget 2022/23 £m</b>	<b>Estimated Net Budget 2023/24 £m</b>	<b>Estimated Net Budget 2024/25 £m</b>	<b>Estimated Net Budget 2025/26 £m</b>
Childrens	68.3	73.8	73.8	75.2	76.6
Adults	119.0	120.8	124.1	129.1	134.0
Place	74.8	79.7	78.7	80.4	81.7
Corporate	36.6	38.3	39.2	40.3	41.1
Total Service Budgets	298.7	312.6	315.8	325.0	333.5
<i>CENTRAL BUDGETS:</i>					
Capital Financing	14.0	19.0	19.0	20.0	21.0
Past Pensions Adjustment from Actuary results	-2.9	-5.4	-3.3	-3.3	-3.3
Bad Debt Provision increase	-0.1	0.2	-0.7	0.0	0.0
Use of (-) /Contribution to (+) Earmarked Reserve	1.3	1.3	-1.9	-2.1	-0.6
Total Central Budgets	12.4	15.1	13.2	14.6	17.1
<b>TOTAL: SERVICE + CENTRAL BUDGETS</b>	<b>311.1</b>	<b>327.7</b>	<b>329.0</b>	<b>339.7</b>	<b>350.6</b>
<i>FUNDED BY:</i>					
Council Tax	-242.8	-254.7	-265.1	-275.8	-286.7
Business Rate Retention Scheme	-49.1	-49.1	-49.1	-49.1	-49.1
Revenue Support Grant	0.0	0.0	0.0	0.0	0.0
Specific Unring-fenced Grants	-19.2	-24.0	-14.8	-14.8	-14.8
<b>TOTAL: FUNDED BY</b>	<b>-311.1</b>	<b>-327.7</b>	<b>-329.0</b>	<b>-339.7</b>	<b>-350.6</b>
<b>Balanced Funding Position</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

# 17. Feedback

We want you to be involved in decision making in Cheshire East.

To register to be involved in consultations undertaken by Cheshire East Council, you can do so by joining the Digital Influence Panel.

[Join the Digital Influence Panel](#) or scan the QR code to join.



[View the results of previous consultations](#) undertaken by Cheshire East Council.