

Appendix 1

Finance Sub-Committee

1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
Finance Sub-Committee Central Budgets				
Capital Financing	14,000	-	-	14,000
Corporate Contributions	(2,646)	-	(252)	(2,898)
Contribution to / from Reserves	1,328	-	912	2,240
	12,682	-	660	13,342
Finance Sub-Committee - Central Budgets Funding				
Business Rates Retention Scheme	(49,086)	-	-	(49,086)
Specific Grants	(19,165)	(815)	-	(19,980)
Council Tax	(242,849)	-	-	(242,849)
Sourced from Collection Fund	-	-	-	-
	(311,100)	(815)	-	(311,915)
TOTAL CENTRAL BUDGETS FUNDING				

2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
Minimum Revenue Provision	2,000	4,000	1,000	1,000	Growth Implemented
Central Pension adjustment	-4,567	-1,900	1,500		On track and expected to overachieve in 2021/22
Bad Debt Provision	200				Growth Implemented
[16] Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	-250				On track
Capital Receipts Income	1,000				Growth Implemented
Use of Earmarked Reserves (MTFS Feb 20) plus increase to include funds set aside for VR costs	3,022	-873	-253	-1,476	Growth Implemented
[17] Capital Programme Review	-1,000	1,000			Complete
Top up to General Reserves		600		-600	On track
Increase forecast Domestic Tax Base Growth. Taxbase growth estimated at 1,800 new homes + reduction for increased Council Tax Support	-1,892	-2,435	-2,483	-2,533	On track

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
Increase forecast Domestic Tax Base Growth (change from previous year budget) % increase planned at 1.99%	-11,452	-4,833	-4,977	-5,126	On track
Business Rates Retention Government Policy change Compensation Grants	700				On track
Change in specific grants estimated	-1,002	387	49	46	On track
Change to NHB funding estimate	3,352	3,920	1,960	980	On track
Deficit on Collection Fund	147				On track

3. Corporate Grants Register

Government Grant Funding of Local Expenditure

- 3.1 General purpose grants were budgeted to be £19.2m. Further in-year grant announcements have increased the amount received to £68.2m at mid-year.
- 3.2 The Covid-19 pandemic has seen continued financial support issued by Central Government for business rates.
- 3.3 In response to the Coronavirus pandemic, in the Budget on 11 March the Government announced that it would increase the discount to 100% and extend it to include the leisure and hospitality sectors. Following the announcement on 23 March 2020 of further measures to limit the spread of Coronavirus, the Government confirmed that some of the exclusions for this relief have been removed, so that retail, leisure, and hospitality properties that will have had to close as a result of the restriction measures were also eligible for the relief. 100% expanded retail relief has been extended to 30 June 2021 for eligible ratepayers. Relief has reduced to 66% from 1 July and Government have applied cash caps to the relief of £2 million for ratepayers meeting the eligibility for the closed cash cap or £105,000 for all other ratepayers. Relief awarded is fully funded by Government.

- 3.4 The estimated full cost for this additional relief for Cheshire East is £27.3m. Usually, local authorities would only be paid their Business Rates Retention share (49%) of any new burdens measures, but in this instance 100% of the funding is being paid to councils to help with cash flow shortfalls as the estimate was not included at the NDR1 stage when budgets were set. At the end of the financial year, following a detailed reconciliation, the share relating to MLUHC (50%) will be repaid to Government.
- 3.5 Additional general purpose grants of £49.0m have also been received during the year to date. These include further Covid-19 related grant payments of £40.0m and an additional £8.6m in respect of Business Rates Relief grant. Requests for the allocation of the additional grants received are detailed in **Table 1**.
- 3.6 **Table 2** shows additional specific service grants over £1m that require approval from Council. Details of other specific service grants are within the service committee appendices.
- 3.7 **Table 3** provides a summary of grants (general purpose) that have already been approved.
- 3.8 **Table 4** provides a summary of the updated budget position for general purpose grants in 2021/22 by service. Further details of grants are shown in **Table 5** Corporate Grants Register.

Table 1 – Supplementary Revenue Estimates for Allocation of Additional Grant Funding (General Purpose)

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee	Covid-19 Business Rates Reliefs 2021/22	27,280	100% expanded retail relief has been extended to 30 June 2021 for eligible ratepayers. Relief has reduced to 66% from 1 July and Government have applied cash caps to the relief of £2 million for ratepayers meeting the eligibility for the closed cash cap or £105,000 for all other ratepayers. Relief awarded is fully funded by Government.
Finance Sub-Committee	Covid-19 Local Council Tax Support	3,373	This additional unring-fenced grant recognizes that local authorities are best placed to determine local priorities, with the focus being on a similar set of priorities as previously set out in 2020/21. These priorities included: adult social care, children’s services, public health services, household waste services, shielding the clinically extremely vulnerable, homelessness and rough sleeping, domestic abuse, managing excess deaths, support for re-opening the country and, in addition, the additional costs associated with the local elections in May 2021. This funding should be used in planning to cover any Covid-related costs for the priority pressures above and any further Covid-19 costs in 2021/22.
Finance Sub-Committee	Covid-19 Local Authority Support Grant	8,508	This is a continuation of the Covid-19 Emergency Funding for 2021/22 and is additional grant received due to the costs caused by the pandemic.
Finance Sub-Committee	Business Rates Reliefs Grant 2021/22 (Reserves)	8,606	S31 grants received to compensate for reduced business rates collected as a result of reliefs mandated by Central Government after the setting of the Business Rates Baseline in 2013/14 (grant covers CEC 49% share).
General Purposes allocations for Council Approval		47,767	

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee	Covid-19 Compensation for Sales, Fees and Charges Income	800	The Sales, Fees and Charges scheme compensates local authorities for irrecoverable income losses due to Covid-19 for the period April - June 2021. This is an estimated payment for 2021/22.
General Purposes allocations for Committee Approval			
Finance Sub-Committee (Expenditure Children and Families)	Extended Rights to Free Transport	57	The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools further from home than the statutory walking distances. The funding is paid as a non-ring-fenced grant paid via the Department for Communities and Local Government under the Local Services Support Grant (section 31 of the Local Government Act 2003).
Finance Sub-Committee (Expenditure Corporate Policy)	Housing Benefit and Council Tax Administration	60	Increase on MTFs 2021-25 estimate. The grant is provided towards expenditure incurred, or to be incurred, in respect of the provision of local housing benefit and council tax administration in 2021/22.
Finance Sub-Committee (Expenditure Corporate Policy)	Individual Electoral Registration	5	The funding is to be used on activities associated with Individual Electoral Registration (IER) services within the Electoral Services area.
General Purposes Allocations less than £500,000		122	
Total General Purpose Allocation		48,689	

Table 2 – Recommendation for Council Approval for Supplementary Revenue Estimates of Additional Grant Funding (Specific Purpose) over £1m

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure Corporate Policy)	Housing Benefit Subsidy	5,282	Payment of claims administration within Housing Benefits.
Finance Sub-Committee (Expenditure Corporate Policy)	Covid-19 Test and Trace Support (Self Isolation Payment)	1,039	Test and Trace Support Payment scheme – awards and administration of the scheme to support people self-isolating on a low income.
Total Specific Purpose Allocation for Council Approval		6,321	

Table 3 - Summary of Grants already Approved (General Purpose)

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure Children and Families) (July report)	Staying Put Implementation	113	The purpose of the grant is to provide support for local authorities in England for expenditure lawfully incurred or to be incurred by them, in respect of a young person aged 18 and their former foster carer, who wish to continue living together in a 'Staying Put' arrangement. For the purposes of this grant 'young person' means a former relevant child who was looked after immediately prior to their 18 th birthday. This supported arrangement can continue until the young person's 21 st birthday.
Finance Sub-Committee (Expenditure Children and Families) (July report)	Extended Personal Advisor Duty Implementation Grant	56	The purpose of the grant is to support Local Authorities in England to meet the requirements of the Children and Social Work Act 2017, requiring them to offer Personal Adviser support to all care leavers up to the age of 25. The grant is to support those young people that may request support

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure Adults and Health) (Outturn report)	Independent Living Fund	43	<p>from the Local Authority after the age of 21 and up to the age of their 25th birthday. The grant has been provided to meet the extra demand for personal adviser time that the new duties create. The new duty provides the Local Authority the ability to respond positively to requests for support from care leavers who may have difficulties and be struggling to transition to adulthood.</p> <p>Following the closure of the Independent Living Fund (ILF) in June 2015, the government agreed to continue funding pre-existing ILF arrangements until the end of 2019 to 2020, through the former ILF recipient grant. Government have confirmed that the former ILF recipient grant will continue to be paid to local authorities in 2021 to 2022.</p> <p>The total value of the grant in 2021 to 2022 will be maintained and this additional funding allocation is to cover the cost of the payments made to clients for the ILF, increasing it to the level of the actual 2021/22 grant, which is £42,776 higher than originally forecast in the Medium Term Financial Strategy.</p>
Finance Sub-Committee (Expenditure Economy and Growth) (Outturn report)	Homelessness Domestic Abuse New Burdens	9	<p>The grant should be used to delivery statutory homelessness duties in respect of victims of domestic abuse, as set out in the Housing Act 1996 and Homelessness (Priority need for Accommodation) (England) Order 2002, as amended by the Domestic Abuse Act 2021.</p>
Finance Sub-Committee (Expenditure Environment and Communities) (Outturn report)	Neighbourhood Planning Grant	70	<p>The conditions of grant mean that this funding could be used across the wider Spatial Planning area. This level of funding would be intended to support a number of Community Neighbourhood Plans across the borough.</p>

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure Corporate Policy)	Breathing Spaces (Debt Respite Scheme)	2	The Debt Respite Scheme (Breathing Space) will give someone in problem debt the right to legal protections from their creditors.
General Purpose Allocations already Approved			293

Table 4 - Summary of General Purpose Grants

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget
	2021/22 £m	2021/22 £m	2021/22 £m
GENERAL PURPOSE			
Children and Families	0.3	0.5	0.2
Adults and Health	9.1	9.2	0.1
Economy and Growth	0.0	0.0	0.0
Environment and Communities	0.0	0.1	0.1
Highways and Transport	0.0	0.0	0.0
Corporate Policy	9.8	58.4	48.6
TOTAL GENERAL PURPOSE	19.2	68.2	49.0

Table 5 – Corporate Grants Register

General Purpose Grants 2021/22 (Held Corporately)		Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
		2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
CHILDREN and FAMILIES					
Staying Put Implementation Grant	0	113	113	113	SRE
Extended Rights to Free Transport (Home to School Transport)	201	258	258	57	SRE
Extended Personal Adviser Duty Implementation	0	56	56	56	SRE
Extension of the role of Virtual School Heads	60	60	60	0	
ADULTS and HEALTH					
Social Care Support Grant	7,979	7,979	7,979	(0)	
Independent Living Fund	818	861	861	43	SRE
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard	340	340	340	0	
ECONOMY and GROWTH					
Homelessness Domestic Abuse New Burdens	0	9	9	9	SRE
ENVIRONMENT and COMMUNITIES					
Neighbourhood Planning Grant	0	70	70	70	SRE
CORPORATE POLICY					
Housing Benefit and Council Tax Administration	1,022	1,082	1,082	60	SRE
NDR Administration Allowance	569	569	569	(0)	
Breathing Spaces (Debt Respite Scheme)	0	2	2	2	SRE
New Homes Bonus	7,841	7,841	7,841	0	
Individual Electoral Registration	0	5	5	5	SRE
Lower Tier Services Grant	335	335	335	0	
COVID-19 Business Rates Reliefs 2021/22	0	27,280	27,280	27,280	Reserves
COVID-19 Compensation for Sales, Fees and Charges Income	0	800	800	800	SRE
COVID-19 Local Council Tax Support	0	3,373	3,373	3,373	Reserves
COVID-19 Local Authority Support Grant	0	8,508	8,508	8,508	Balances
Business Rates Reliefs Grant 2021/22	0	8,606	8,606	8,606	Reserves
TOTAL	19,165	68,145	68,145	48,980	

4. Debt Management

- 4.1 Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has decreased by £1.5m since the end of March.
- 4.2 Annually, the Council raises invoices with a total value of over £60m. 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.
- 4.3 The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
- 4.4 The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor).
- 4.5 After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of August 2021 was £10.7m.

- 4.6 The total amount of service debt over six months old is £6.7m; provision of £7.8m has been made to cover doubtful debt in the event that it needs to be written off.

DEBT SUMMARY

	Outstanding Debt £000	Over 6 months old £000
Adults and Health Committee		
Adults, Public Health and Communities	8,084	5,123
Children and Families Committee		
Children's, Education, Prevention and Early Help Schools	472	82
	55	34
Highways and Transport Committee		
Highways and Infrastructure	750	710
Economy and Growth Committee		
Growth and Enterprise	808	513
Environment and Communities Committee		
Environment and Neighbourhood Services	106	57
Corporate Policy Committee		
Finance and Customer Services	29	3
Governance and Compliance	3	-
Transformation	401	163
	10,708	6,685

5. Capital Strategy

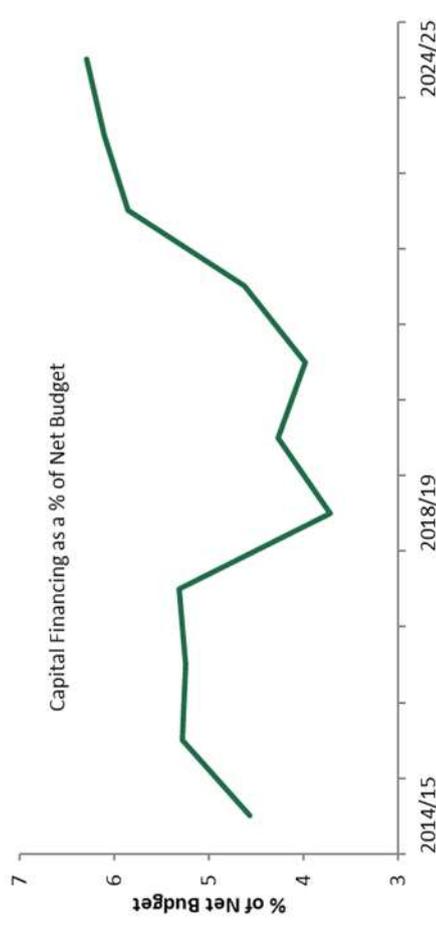
Table 1: Financial Parameters for 2021/22 to 2024/25

Parameter	Value (£m)			
	2021/22	2022/23	2023/24	2024/25
Repayment of Borrowing				
Minimum Revenue Provision*	13.4	16.1	18.6	20.2
External Loan Interest	4.9	4.8	4.7	4.7
Investment Income	(0.9)	(0.9)	(0.9)	(0.9)
Contributions from Services Revenue Budgets	(1.5)	(1.7)	(1.7)	(1.6)
Total Capital Financing Costs	15.9	18.3	20.7	22.4
Use of Financing EMR	(1.9)	(0.3)	(1.7)	(2.4)
Actual CFB in MTFS	14.0	18.0	19.0	20.0
Capital Receipts targets*	1.0	1.0	1.0	1.0
Flexible use of Capital Receipts	0	0	0	0

*Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

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



- 5.3 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is reported as part

of the MTFs report and Outturn report. 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.

- 5.4 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in **Appendix 8** of this report.
- 5.5 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short term interest rates are currently much lower than long term rates this is likely to be more cost effective.

Contributions from Services

- 5.6 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium Term Financial Strategy (MTFS).
- 5.7 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFs to fund either all, part or none of the net capital costs of the scheme.
- 5.8 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFs, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach

to funding such costs must be approved as part of the business planning process before the scheme can commence.

- 5.9 The Council's strategy is to use revenue contributions of £6.5m over the next four financial years to finance the Capital Programme to reduce the overall Capital Financing Budget. These contributions come from: £2.9m from the Investment Portfolio; £1.8m contribution from schools towards the schools transformation programme; £1.2m from ESAR for the improvements to the Council's leisure facilities; £0.4m from Highways Street Lighting for the upgrade to LED lighting; and £0.2m from Transformation Services for the Azure 365 upgrade.

Use of Financing Earmarked Reserve

- 5.10 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.
- 5.11 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the Capital Finance Budget (CFB) within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFs the Section 151 Officer may also recommend appropriate use of the Financing Earmarked Reserve over the period.
- 5.12 The Council's current strategy is to draw-down up to £6.3m from the Financing Earmarked Reserve for the period 2021/22 to 2024/25.

Capital Programme – Review Position

5.13 Since the Medium Term Financial Strategy was approved in February 2021 the Capital Programme has increased by £58.6m for the next four year period.

5.14 The main change for the increase is slippage from 2020/21 into future years of £59.1m Other changes reported this quarter total (£1.3m) and this is mainly due to a budget reduction due to a reduction in capital grants for Highways from the Department of Transport. **Table 2** below shows a summary of the changes.

Table 2: Summary Capital Programme

	MTFS C/Fwd from Budget		SCEs/ Virements in Quarter		Transfers to/from Addendum		Budget Reductions		SCEs/ Virements		Revised Budget	
	2021/25		2021/25		2021/25		2021/25		2021/25		2021/25	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adults, Health & Integration	0.4	0.1	-	-	-	-	-	-	-	-	-	0.5
Children and Families	43.8	8.9	0.8	-	-	-	-	-	-	-	-	53.5
Place Directorate	289.7	48.8	-	1.2	(3.3)	-	-	-	2.3	(0.3)	-	338.7
Corporate Directorate	37.8	1.3	-	-	-	-	-	-	-	-	-	38.8
	371.7	59.1	0.8	1.2	(3.3)	(3.3)	2.0	(0.3)	2.0	(0.3)	431.5	

5.15 Apart from the slippage that was reported at the Outturn £31.2m and the budget increases there were approved as part of the Outturn report of £26.4m there has been little change to the overall capital programme apart from the Capital Supplementary Estimates and Virements listed in **Tables 4 to 7**.

5.16 There is a significant budget reduction within Highways and Infrastructure as the estimated Highways grant from the Department of Transport was less than was previously

reported in the Medium term Financial Strategy in February 2021.

5.17 The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 3**.

5.18 **Table 4** details requests of Supplementary Capital Estimates (SCE) up to and including £250,000 and Capital Virements up to and including £100,000 approved by delegated decision which are included for noting purposes only.

5.19 **Table 5** lists details of Capital Virements over £100,000 and up to and including £5,000,000 that requires Committee to approve.

5.20 **Table 6** lists details of Capital Supplementary Estimates over £1,000,000 that requires Committee to recommend to Full Council to approve.

5.21 **Table 7** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.

5.22 **Table 8** lists the transfers to and from the Addendum These are for noting purposes only.

5.23 Capital programme detail is shown in other service committee **Appendices 2-7, Section 5**.

Table 3: Capital Programme Update

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY						
CAPITAL PROGRAMME 2021/22 - 2024/25						
	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Total Forecast 2021-25 £000	
Committed Schemes - In Progress						
Adults, Health and Integration	485	0	0	0	485	
Children and Families	17,146	21,432	9,402	0	47,980	
Place	101,635	91,079	60,386	25,153	278,253	
Corporate	15,031	8,199	7,668	7,668	38,566	
Total Committed Schemes - In Progress	134,297	120,710	77,456	32,821	365,284	
CAPITAL PROGRAMME 2020/21 - 2024/25						
	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Total Forecast 2021-25 £000	
New Schemes						
Adults, Health and Integration	0	0	0	0	0	
Children's Services	284	4,493	500	250	5,527	
Place	10,072	19,206	19,035	12,147	60,460	
Corporate	250	0	0	0	250	
Total New Schemes	10,606	23,699	19,535	12,397	66,237	
Total	144,903	144,409	96,991	45,218	431,521	

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2021/22 - 2024/25

	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Total Forecast 2021-25 £000
Funding Requirement					
Indicative Funding Analysis: (See note 1)					
Government Grants	75,419	75,739	48,150	14,739	214,047
External Contributions	17,069	19,125	7,889	15,141	59,224
Revenue Contributions	750	0	0	0	750
Capital Receipts	1,000	1,000	1,000	1,000	4,000
Prudential Borrowing (See note 2)	50,665	48,545	39,952	14,338	153,500
Total	144,903	144,409	96,991	45,218	431,521

Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next four years 2021-2025 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.

Table 4: Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Supplementary Capital Estimates that have been made up to £250,000		
Prevention and Support Ash Grove Nursery Expansion	3,750	Additional Nursery Funding Grant is available to increase the required budget to £230,017.
Growth and Enterprise Schools Capital Maintenance	94,000	Schools Contributions to the Facilities Management Schools Condition Programme for 2021/22
Environment and Neighbourhood Services Regulatory Systems & Environmental Health ICT System	50,000	Additional £50K Ear Marked Reserve funding approved to support project completion.
Total Supplementary Capital Estimates Requested 147,750		
Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Capital Budget Virements that have been made up to £100,000		
Highways and Infrastructure A532 Safer Road Fund Scheme	93,734	To provide additional funding to support delivery of ongoing scheme
S106 Redhouse Lane, Disley	30,000	To provide supplementary funding to support the project to facilitate Network Rail to deliver the Road Rail Collision avoidance measures.
Total Capital Budget Virements Approved 123,734		
Total Supplementary Capital Estimates and Virements		271,484

Table 5: Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Finance Sub Committee are asked to approve the Supplementary Capital Estimates and Virements		
Capital Budget Virements above £100,000 up to and including £5,000,000		
Education and 14-19 Skills		
Wilmslow High School	900,000	Virement from the Wilmslow Planning Area (Primary) for the Basic Need School expansion Project.
Highways and Infrastructure		
Highway Maintenance Minor Wks	377,160	To provide funding to deliver proactive level 2 patching programmes to meet
S106 Davenport Lane, Arclid	244,810	To provide supplementary funding to support a s106 agreement budget that
Growth and Enterprise		
Demolition of Crewe Library & Concourse	323,000	Virement from the Strategic Capital Projects
Schools Capital Maintenance	1,046,000	Virement from the School Condition Grant to fund to the Facilities Management School Condition Programme in 2021/22
Transformation Services		
Best4Business 2	368,000	£368k of Core Financial approved budget to be transferred to Best4Business.
Total Capital Virements requested	2,358,970	
Total Supplementary Capital Virements		
	2,358,970	

Table 6: Requests for Supplementary Capital Estimates (SCEs) and Virements

Service	Amount Requested £	Reason and Funding Source
Supplementary Capital Estimates over £1,000,000		
Growth and Enterprise		
Connecting Cheshire 2020	2,000,000	Additional Grant received from Broadband Delivery UK (BDUK) to enable the current infrastructure delivery contract to roll out further broadband across Cheshire.
Total Supplementary Capital Estimates Requested	2,000,000	
Total Supplementary Capital Estimates and Virements		
	2,000,000	

Table 7: Capital Budget Reductions

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Finance Sub Committee are asked to note the reductions in Approved Budgets				
Highways and Infrastructure				
Parking Meters	350,000	0	350,000	It is no longer proposed that this project will go ahead at this time.
Integrated Transport Block - LTP	1,987,000	2,003,000	-16,000	The amount of Department for Transport grant for the Local Transport Plan is less than the amount assumed and approved in the 2021-25 Budget, £2,895,000 less overall.
Maintenance Block - LTP	8,409,000	5,799,000	2,610,000	
Incentive Fund - LTP	1,751,000	1,450,000	301,000	
Growth and Enterprise				
St Annes Car Park	178,256	165,262	12,994	St Anne's has now been sold, so this project can now be closed. Project now complete
Private Sector Assistance	1,991,531	1,991,527	(4)	
	14,666,787	11,408,789	3,257,990	

Table 8: Transfers from and to the Capital Addendum

Service / Capital Scheme	Amount Transferred Mid Year £	Reason / Comment
Budgets Transferred from the Addendum to the Main Capital Programme		
Growth and Enterprise Demolition of Crewe Library & Concourse	1,200,000	ODR has been approved to transfer the funds from the Addendum
Total Budgets Transferred to Main Capital Programme	1,200,000.00	
Net Change to the Addendum		
	1,200,000	

6. Reserves Strategy

Management of Council Reserves

- 6.1 The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
- 6.2 The opening balance at 1 April 2021 in the Council's General Reserves was £11.5m as published in the Council's Statement of Accounts for 2020/21.
- 6.3 The updated Risk Assessment for 2021/22 provides for the Minimum Level to be set at £10.3m. This is considered a relatively prudent overall target for reserves at 3.3% of the net budget. At the end of 2020/21 the outturn position allowed an increase to the General Reserve in line with the strategy to increase it to £11.5m over the next three years.
- 6.4 The Council also maintains Earmarked Revenue reserves for specific purposes. The opening balance at 1 April 2021 on these reserves stood at £91.4m, excluding balances held by Schools.
- 6.5 During 2021/22, an estimated £33.4m will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding. The closing balance at 31 March 2022 is forecast at £58.0m.
- 6.6 The Collection Fund reserve includes an S31 grant of £30.1m received from MHCLG to fund the Council's 49% share of the Extended Retail Relief as a result of Covid-19. This was received in 2020/21 and will be used to repay the resulting

deficit in the business rates collection fund that is due to be paid back in 2021/22 as a result of the relief being granted.

- 6.7 As part of the management of the outturn for 2020/21, and the Medium Term Financial Strategy 2021 to 2025, the Council aims to defer costs related to the Capital Programme and income losses in the Collection Fund in order fully protect the Council's General Reserves. Any variation to this position will be managed through the Council's Covid-19 Earmarked Reserve, which was created in March 2020 to receive non-ringfenced grants related to the pandemic.
- 6.8 The mid-year position, excluding Covid-19, presents an overspend of £2.2m (to within budget by 0.7%). Any variation to budget at year-end will be managed through the Council's Medium Term Financial Strategy Earmarked Reserve.
- 6.9 **Table 1** shows the forecast total reserves at the end of March 2021/22. Overall, the Council remains in a strong financial position given the major challenges across the public sector.

Table 1 – Reserves Position

	£m
General Reserve	11.5
Earmarked Reserves (excluding Schools)	58.0
Total Reserves Balance at 31 March 2021	69.5

- 6.10 Details of individual reserves are shown in the relevant Service Committee appendix.