



2021/22 Financial Year Review

December 2021

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

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

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Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 386,000 local people with annual spending of over £641m.

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

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics. Excluding the impact of Covid-19 this demand is resulting in revenue pressures of £6.7m, with the most significant impact within the rising complexity of needs in Children's Social Care. Pressures are being temporarily offset by underspends across council services resulting in a forecast outturn of £314.1m against a net revenue budget of £311.9m.

The Council's budget continues to be affected by the pandemic. The Council continues to receive funding related to an array of activities in response to the situation. But current forecasts remain consistent with the Budget, in that the Council is not aiming to use reserves to fund Covid-19 costs in 2021/22.

When the 2021/22 budget was set, in February 2021, it was highlighted that the use of reserves was not sustainable in the medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. This issue, and how Covid-19 affects this is considered as part of the ongoing planning for the Medium Term Financial Strategy. The forecasts at mid-year highlight temporary underspends due to vacant posts and some beneficial underspending on pension costs. Whilst those issues are likely to be temporary in nature, the overspending on

Children's Social Care, pay inflation and car parking will almost certainly affect the medium term finances of the Council. This situation must be addressed as part of the MTFS process for 2022 to 2026.

To support openness and transparency, and provide evidence of strong governance, the report has a main section, to provide background and context, and then nine supporting appendices with detailed information about allocation and management of public money during 2021/22:

Section 1 provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2021/22 is being funded, including the positions on overall service budgets, centrally held budgets, council tax and business rates. Further details are contained in the appendices.

- **Appendix 1** Finance Sub-Committee.
- **Appendix 2** Corporate Policy Committee.
- **Appendix 3** Adults and Health Committee.
- **Appendix 4** Children and Families Committee.
- **Appendix 5** Highways and Transport Committee.
- **Appendix 6** Economy and Growth Committee.
- **Appendix 7** Environment and Communities Committee.
- **Appendix 8** shows updates to the Treasury Management Strategy.
- **Appendix 9** shows updates to the Investment Strategy.

Alex Thompson

Director of Finance and Customer Services
(Section 151 Officer)

Note Section 2 Workforce Development Plan has been removed from the Review and will be reported to Corporate Policy Committee as a separate report.

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2021/22 Outturn Forecast - Financial Position

2021/22 (GROSS Revenue Budget £492.7m)	Revised Budget (NET) £m	Forecast Outturn Including Covid £m	Forecast Covid Expenditure £m	Forecast Outturn Excluding Covid £m	Forecast Over / (Underspend) Excluding Covid £m	For further information please see the following sections
SERVICE DIRECTORATES						
Adult, Health and Integration	119.0	120.8	1.6	119.2	0.2	Section 1 - Paragraphs 6-7, 31
Children's Services	68.8	74.2	1.1	73.1	4.3	Section 1 - Paragraphs 8-21, 32
Place	75.3	81.9	6.2	75.7	0.4	Section 1 - Paragraphs 22-25, 33-35
Corporate Services	35.5	35.3	0.9	34.4	(1.1)	Section 1 - Paragraphs 26-30, 36-37
Total Services Net Budget	298.6	312.2	9.8	302.4	3.8	
CENTRAL BUDGETS						
Capital Financing	14.0	14.0	-	14.0	-	Appendix 1 Section 5
Transfer to/(from) Earmarked Reserves	2.2	1.7	(0.5)	2.2	-	Appendix 1 Section 6
Corporate Contributions / Central Budgets	(2.9)	(4.5)	-	(4.5)	(1.6)	Section 1 - Paragraph 38
Total Central Budgets	13.3	11.2	(0.5)	11.7	(1.6)	
TOTAL NET BUDGET	311.9	323.4	9.3	314.1	2.2	
Business Rates Retention Scheme	(49.1)	(49.1)	-	(49.1)	-	Section 1 - Paragraphs 56-60
Specific Grants	(20.0)	(29.3)	(9.3)	(20.0)	-	Appendix 1 Section 3
Council Tax	(242.8)	(242.8)	-	(242.8)	-	Section 1 - Paragraphs 44-55
Sourced from Collection Fund	-	-	-	-	-	
Central Budgets Funding	(311.9)	(321.2)	(9.3)	(311.9)	-	
FUNDING POSITION	-	2.2	-	2.2	2.2	
	Planned Contribution 2021/22 £m			Forecast Variance Outturn £m	Impact on Reserves Outturn £m	
Impact on Reserves	-			(2.2)	(2.2)	
General Reserves Balance	2021/22 Budget			Forecast		
	£m			£m		
Opening Balance April 2021	11.5			Actual	11.5	
2021/22 Impact on Reserves (see above)	-			Forecast	(2.2)	Section 1 - Paragraphs 41-42
Closing Balance March 2022	11.5			Forecast	9.3	

1. Financial Stability

Introduction

1. The Council has a strong track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of the Coronavirus pandemic, increased costs, growing demand and reducing Government grant. The Council has continued to receive some funding in response to the pandemic, as there is still a need to protect both the health and economic wellbeing of local people and businesses.
2. Demand and increasing complexity in cases for Children's and Adults' Social Care remains the most significant financial pressure for the Council in the medium term, particularly in Children's services where overspending is occurring compared to budget.
3. **Table 1** provides a service summary of financial performance. The current forecast is that services will be £3.8m over budget in the current year on normal activities. The Financial Narratives provide further details and changes to service net budgets since the Medium Term Financial Strategy are analysed in **Appendix 1**.
4. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on Central Budgets and Funding.

Table 1 - Service Revenue Outturn Forecasts

2021/22	Revised Budget	Forecast Outturn Including Covid	Forecast Covid Expenditure	Forecast Outturn Excluding Covid	Forecast Over / (Underspend) Excluding Covid
(GROSS Revenue Budget £492.7m)	(NET)				
	£m	£m	£m	£m	£m
SERVICE DIRECTORATES					
Adult Social Care - Operations	28.1	27.8	0.4	27.4	(0.7)
Commissioning	90.9	93.0	1.2	91.8	0.9
Public Health	-	-	-	-	-
Adult, Health and Integration	119.0	120.8	1.6	119.2	0.2
Directorate	0.9	0.8	-	0.8	(0.1)
Children's Social Care	43.2	48.4	0.5	47.9	4.7
Prevention & Early Help	8.3	8.0	0.1	7.9	(0.4)
Education & 14-19 Skills	16.4	17.0	0.5	16.5	0.1
Children's Services	68.8	74.2	1.1	73.1	4.3
Directorate	0.9	0.9	-	0.9	-
Environment & Neighbourhood Services	42.3	45.5	3.7	41.8	(0.5)
Growth & Enterprise	20.9	21.5	0.4	21.1	0.2
Highways & Infrastructure	11.2	14.0	2.1	11.9	0.7
Place	75.3	81.9	6.2	75.7	0.4
Directorate	0.4	0.3	-	0.3	(0.1)
Finance & Customer Services	12.0	12.7	0.5	12.2	0.2
Governance & Compliance Services	9.1	8.8	0.4	8.4	(0.7)
Transformation	14.0	13.5	-	13.5	(0.5)
Corporate Services	35.5	35.3	0.9	34.4	(1.1)
TOTAL SERVICES NET BUDGET	298.6	312.2	9.8	302.4	3.8

Note the costs of Covid-19 are reviewed regularly, the figures shown are based on the November Tracker.

Financial Narratives

5. The financial narrative is split into three parts: Non Covid-19 Service performance narrative; Covid-19 Service performance narrative; and Central Budgets and Funding.

Part 1 - Non Covid-19 Service Performance

Adult, Health and Integration

6. The Adult Social Care (Operations and Commissioning) and Public Health budgets remain under continued pressure across the country. The rising cost of Social Care in Cheshire East is driven by two main factors: increasing demand for services and increasing costs of providing them. Demand for Social Care is not driven exclusively by an ageing population, the prevalence of disability among working-age adults has also increased over recent years. In addition to increasing demand, the unit cost of providing care services is also going up, driven mainly by workforce costs and this has been recognised in the 2021/22 budget where growth has been allocated.
7. There are significant risks to the Adults budget linked to many factors. Risks such as the long term impact of Covid-19 on individuals, the risk and impact of the temporary funding streams discontinuing, and the workforce and capacity issues in the Social Care market all have the potential to result in additional and unplanned costs. The financial impact of the new Social Care Reform is also unclear at this early stage, and may have significant implications for the Adults budgets. Changes in legislation around Liberty Protection Safeguards will also bring increased responsibilities, work loads and training to the service, with no clarity around the associated additional burden funding.

Children's Services

8. The budget for the Children and Families Directorate for 2021/22 at mid-year is £68.8m.
9. There are a number of key pressures within the Directorate resulting in a forecast overspend of £4.3m against budget.
10. The position is summarised in the following table:

Table 2 – Children's Services Outturn Forecasts

Review - forecast outturn	Budget	Outturn Variance	Covid Costs	Net of Covid Costs
	£m	£m	£m	£m
Executive Director	0.9	-0.1	-	-0.1
Children's Social Care	43.2	5.2	0.5	4.7
Prevention and Early Help	8.3	-0.3	0.1	-0.4
Education and Skills	16.4	0.6	0.5	0.1
Revised Total	68.8	5.4	1.1	4.3
DSG - in year pressure				15.5
DSG Deficit Balance B/F				10.0
DSG Deficit Balance as at 31 March 2022				25.5

11. Particular issues are set out in the paragraphs below.

Children's Social Care

12. The overspend is forecast at £4.7m. This is mainly as a result of pressure from Agency Placements of £2.8m due to:
 - Additional pressures at outturn 2020/21 that exceeded the growth available in the MTFS (based on earlier forecasts) by £1.7m.

- The high numbers of children in care at 519 at September 2021. This is down from 531 in May 2021 and an average of 535 throughout 2020/21. The reduction is positive but numbers in care remain higher than in previous years.
 - The increase in unit costs for all types of placement due to market inflation. The average cost of an external placement has increased by 14% over the 2020/21 average cost. Within that overall figure, the average cost for a residential placement has increased by 23% since last year.
 - The continuing roll out of the residential services contract and a delay in seeing the full benefit of the new homes through reduced agency placement costs.
 - Offsetting savings by reduced use of the short breaks contract.
 - Analysis of recent years shows that the spend on agency placements has risen by an average of 9% per annum. Therefore, the figures assume a further 4.5% increase in pressure to 31 March 2022.
13. The service is also experiencing pressure from:
- Internal Fostering in terms of an increase in rates paid to foster carers and an increase in the number of children being fostered. This equates to a £0.9m pressure.
 - Staffing pressures of £0.4m which includes a legacy saving target on management and admin staff that cannot be delivered under current demand levels.
 - Use of Early Help and Independence Payments – there has been a significant increase in demand with 500 clients compared to the budgeted level of 300. This has resulted in a forecast pressure of £0.3m.
- The Commissioning Contracts budget pressure continuing at £0.12m
- Prevention and Early Help**
14. The department is forecasting an underspend of £0.4m from holding vacancies.
- Education and Skills**
15. The Department is currently reflecting an overspend of £0.1m excluding Covid-19 costs. The key issues are:
- Transport ~ TSS is currently forecasting a pressure of £0.3m as a result of increased demand for SEND and cared for children transport where the journey is often out of borough so longer and more expensive. There is also an issue with the shortage of drivers resulting in significant price increases.
- After allowing for other transport grants and budgets of £0.2m, the service is forecasting a £0.1m overspend against transport.
- This position is under review as part of the Company's quarter 2 forecasts that take into account the results of the new academic year.
- Significant work is underway relating to the transfer of TSS back into the Local Authority as from 1st April which will allow for greater clarity in terms of financial management.
- Educational Psychologists / SEND Staffing ~ these two areas are broadly balanced forecasts but additional locum staff and SEN staff are urgently needed to maintain

timeliness levels which would result in a pressure over the coming years.

- Other parts of the Education and Skills Service are reporting an underspend of £0.1m
- Catering ~ the service has worked hard to successfully secure an increase in income levels albeit still less than pre Covid-19. In addition, significant cost pressures are being seen due to food costs and delivery issues. At this stage the reduction in income and cost pressures are giving a shortfall of £0.1m.

The service is considering a range of options moving forward including the scope to increase school meal charges to schools

Dedicated Schools Grant (DSG)

16. This is ring-fenced funding received for:
 - schools
 - high needs / special educational needs
 - early years provision
 - a number of central services including statutory costs and certain support functions.
17. The key pressure on DSG relates to the high needs block. For 2021/22 high needs DSG funding is £48.1m representing an increase of £3.6m (8.1%) on 2020/21.
18. The DSG Reserve deficit balance carried forward from 2020/21 is £10m.
19. The forecasts reflect expected overspending on high needs offset by underspending against early years and the central DSG blocks to give an in year pressure of £15.5m. This takes the DSG reserve deficit forecast to £25.5m at 31 March 2022.

20. This is in line with the budget gap as determined the Council's DSG Management Plan that was approved by Cabinet in March 2021 and set out the planned expenditure and income on high needs over the medium term. Specific issues for 2021/22 include pressures on external placements and local provision.
21. The Council is working to deliver the mitigations set out in the DSG Management Plan but demand exceeds the current rate of local expansion. Additional key projects are being developed over the next 6 – 9 months including expansion of Springfield Special School in Crewe and the need for a centrally located special school. The service will be seeking to secure additional capital investment over the medium term.

Place Directorate

Place Directorate

22. Non Covid-19 underspends are forecast of £17,000. These arise from a staffing vacancy and additional income received towards staffing costs, partially offset by a forecast pay rise which was unbudgeted.

Environment & Neighbourhood Services

23. Excluding the impact of Covid-19, an underspend is forecast on Environment and Neighbourhood Services of £0.5m. This is predominantly from staffing savings made up of part year vacancies, maternity leave savings and budgeting for staff not in the pension scheme, offset by a forecast pay rise which was not budgeted.

Growth & Enterprise

24. There is a non Covid-19 pressure of £0.2m for Growth and Enterprise. This is made up of staffing underspends and control of costs within Tatton, Public Rights of Way and

Economic Development offset by income and cost pressures within Assets. Facilities Management have pressures arising due to increased energy costs and business rates but these have been mitigated by a forecast underspend on water and the control of costs such as responsive maintenance within the service. The majority of the pressure is for a forecast pay rise which was not included in the budget.

Highways & Infrastructure

25. Non Covid-19 pressures within Highways and Infrastructure total £0.7m. There is a £0.5m pressure in year because of proposed parking charges not going ahead as planned. Pressures of £170,000 also exist for Transport resulting from unachievable savings targets for Flexi Link advertising and fares and the restructure of the company. A forecast pay rise has also been included in the forecast totalling £78,000, this was not budgeted. These pressures have been partially mitigated by savings within Parking, mainly due to part year staff vacancies.

Corporate Services

26. The £35.4m budget for Corporate Services, which includes the Housing Benefits (HB) Payments Centre, is currently forecast to underspend by £1.2m at year end. There is a £0.3m pressure associated with implementing the Best4Business (B4B) programme. Members will be aware that B4B is the change programme implementing Unit4 ERP, a complex, technical solution designed to administer all HR, Payroll and Finance functions across both Cheshire East and Cheshire West and Chester councils, schools, academies, and council companies. The financial pressures reported in 2021/22 are mainly one-off additional costs of the revised timeline of Go Live 2 (HR and payroll) (November 2021) which cannot be charged to the capital project and which will be mitigated from the revenue budget wherever possible. Most of the pressure (£0.2m) sits in ICT Service Delivery from

loss of income due to staff working on B4B project work. Further pressure of £0.1m in Finance & Customer Services is mainly because of additional implementation staffing costs.

Corporate Directorate

27. The Corporate Services Directorate area includes the cost of the Chief Executive, the Executive Director of Corporate Services and associated budgets. These budgets are forecast to underspend by £0.1m.

Finance & Customer Services

28. Finance and Customer Services, which includes the HB Payments Centre, is forecast to overspend by £0.2m. This is mainly attributable to a £0.4m overspend on the Transactional Service Centre hosted by Cheshire West and Chester, and £0.1m pressures from unbudgeted costs linked to implementing the B4B System, savings in Business Solutions relating to the introduction of B4B that will not be fully achievable until next financial year (£40,000), and the contribution to Corporate Services efficiency savings (£56,000). The overspend is partially offset by a £0.4m underspend in Customer Services as a result of delaying restructures, delaying filling vacancies, and savings on certain non-staff costs.

Transformation

29. Transformation is forecast to underspend by £0.5m, mainly due to a £0.1m underspend on the Director's cost centre, and £0.4m underspend in HR due to in-year staff vacancies, and underspending on central training, and Organisational Development budgets. In addition, the overall ICT budget is forecast to underspend by £0.2m. ICT Strategy is forecast to underspend by £1.0m but is offset by an overspend in ICT Service Delivery of £0.8m. The underspend in strategy has arisen in part from a delay in certain revenue consequences of capital projects hitting the revenue budget for which

revenue growth was included in this year's MTFS and in part from cost falling into the shared service rather than the strategy area where growth had been given. The shared service has worked hard to mitigate the impact of lost revenue however the extent of the loss of income is such that it has been difficult to offset without affecting standard business delivery. Rising in-year contract costs are adding to the pressure. The Shared Services Joint Committee is monitoring the overall budget pressures. There has also been further income lost due to B4B project work not being charged at the standard rate per hour. The overall Transformation Directorate underspend is further offset by the contribution to Corporate Services efficiency savings (£96,000), and £50,000 savings from staff travel being temporarily held in Corporate Services before the actual savings are allocated to individual services.

Governance & Compliance

30. Governance & Compliance is forecast to underspend by £0.7m. Within Governance & Democratic, the underspend of £0.4m is mainly due to increased marriage income in the Registrations Service as a result of surges in demand following the easing of restrictions put in place during the pandemic, Legal Services (£0.2m) due to underspends on staffing budgets, and Audit & Risk is forecasting a £0.3m underspend on staffing costs due to carrying staff vacancies but this is offset by pressures within Insurance due to a fall in school buy-back income, and increased premium costs. These underspends are being partially offset by unbudgeted costs being incurred relating to Standards work, and the contribution to Corporate Services efficiency savings (£45,000).

Part 2 - Covid-19 Service Performance

Adult, Health and Integration

31. Covid-19 for the social care and health system has thrown into turmoil what we normally accept as the status quo. Whilst the human, social and economic cost of Covid-19 has been inexorably high, the pandemic challenged Cheshire East on the way services were delivered meaning reduced costs in some areas as services had to be closed/stopped in line with government guidance, and pressures in other areas where demand has increased. Utilisation of Covid-19 Funding has meant that the services have responded by diverting resources to the most critical services during this challenging year, as well as supporting our NHS Partners.

Children's Services

32. At this stage the key Covid-19 pressures identified relate to:
 - Children's Social Care - £0.5m from the necessary use of unregulated placements at much higher costs rates than elsewhere.
 - Prevention and Early Help - £30,000 from loss of rental income from hire of room space, £0.15m from additional emotional support to young people and enabling the continuation of Duke of Edinburgh courses.
 - Education and Skills - loss of income of £20,000 from fixed penalty notices plus a reduction in school meals income of £0.5m.
 - Capital programme - the Education and Skills service is also experiencing cost increases of 20% on capital schemes in terms of labour and material costs. An element of that is a result of Covid-19.

Place Directorate

Environment & Neighbourhood Services

33. There are covid pressures of £3.7m within Environment and Neighbourhood Services. £1.9m of these relate to Ansa for increased waste tonnage as more people are working from home, cover for sickness and isolation and some unrealisable route and rota optimisation savings. Income pressures of £1.2m also exist for Planning and Building Control, Licensing, Libraries and Markets. There is a £0.4m pressure to ensure service continuity for the Councils leisure centres. Additional costs also exist for the provision of PPE and cleaning materials, increased public funerals, and help to cover backlogs of work within Planning.

Growth & Enterprise

34. Forecast covid pressures of £0.4m exist for Growth & Enterprise. These are mainly due to loss of income at Tatton Park, ticket income in Visitor Economy, rental income within Assets and public path order income in Public Rights of Way. There are also some additional costs for cleaning of temporary accommodation for the Housing service.

Highways & Infrastructure

35. There are covid pressures within Highways and Infrastructure of £2.1m. The majority of this is from the Parking service with lower income received on pay and display car parks and from penalty charge notices. Covid pressures also exist in Highways due to loss of productivity and extra costs of service delivery.

Corporate Services

36. Additional cost pressures within Corporate Services as a result of the Covid-19 pandemic are forecast at £0.9m.

37. The main pressures are within Finance & Customer Services, with the Housing Benefits (HB) payments centre forecasting a £0.3m under-recovery of HB overpayments due to the pandemic, lost court costs income of over £0.1m and the Revenues Service incurring £0.1m additional staff overtime, and additional agency staff costs supporting business as usual in contact centres. Elsewhere, Covid-19 pressures include £0.4m additional staff, travel, and facilities costs, and a reduction in income across services within Governance & Compliance.

Part 3 - Central Budgets and Funding

Table 3 – Central Outturn Forecasts

2021/22	Revised Budget	Forecast Outturn Including Covid	Forecast Covid Expenditure	Forecast Outturn Excluding Covid	Forecast Over / (Underspend) Excluding Covid
(GROSS Revenue Budget £492.7m)	(NET)				
	£m	£m	£m	£m	£m
CENTRAL BUDGETS					
Capital Financing	14.0	14.0	-	14.0	-
Transfer to/(from) Earmarked Reserves	2.2	1.7	(0.5)	2.2	-
Corporate Contributions / Central Budgets	(2.9)	(4.5)	-	(4.5)	(1.6)
Central Budgets	13.3	11.2	(0.5)	11.7	(1.6)
Business Rates Retention Scheme	(49.1)	(49.1)	-	(49.1)	-
Specific Grants	(20.0)	(29.3)	(9.3)	(20.0)	-
Council Tax	(242.8)	(242.8)	-	(242.8)	-
Central Budgets Funding	(311.9)	(321.2)	(9.3)	(311.9)	-

38. It is currently forecast that there will be a £1.6m underspend variance to budget on the central budget. This is due to the over recovery of past service employer pension contributions compared to the budget set and flexible use of capital receipts will fund some revenue costs associated with the B4B project. Budgeted transfers of £1.3m to earmarked reserves have taken place in-year as planned. Grants relating to business rates have been received centrally in-year that are additional to budget which will be transferred to reserves for future use.
39. Specific grants include the unring-fenced Local Authority Support grant and an estimate for the Compensation scheme

linked to income losses from Sales, Fees and Charges which are currently funding the costs associated with Covid-19. The Covid-19 reserve, which holds the unused grant from 2020/21, will also fund this expenditure.

40. Details of grants received and reserves can be found within the individual Service Committee Appendices.

Outturn Impact

41. The impact of the projected service outturn position is to maintain balances as reported above (**paragraph 3**). With the central budget items detailed above (**paragraph 38**), the financial impact could result in a decrease in balances of £2.2m. Any deficit in non Covid-19 related expenditure / income remaining at the end of the year will be drawn down from the Medium Term Financial Strategy Earmarked Reserve which is used to smooth the effects of variations in spending / income in any specific year.
42. The Council will continue to manage and review the financial forecasts in response to emerging guidance and the local response to the pandemic and how this affects the Council's revenue budget.

Collecting Local Taxes for Local Expenditure

43. Cheshire East Council collects Council Tax and Non Domestic Rates for use locally and nationally.

Council Tax

44. Council tax is set locally and retained for spending locally. Council tax was set for 2021/22 at £1,579.03 for a Band D property. This is applied to the taxbase.

45. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect council tax from (after adjustments for relevant discounts, exemptions and an element of non-collection). The taxbase for 2021/22 was agreed at 153,796.10 which, when multiplied by the Band D charge, means that the expected income for the year is £242.8m.

46. In addition to this, Cheshire East Council collects council tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 4** shows these amounts separately, giving a total budgeted collectable amount of £299.0m.
47. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the actual amount billed will therefore be more than the budget.
48. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £303.1m.

Table 4 – Cheshire East Council collects Council Tax on behalf of other precepting authorities

	£m
Cheshire East Council	242.8
Cheshire Police and Crime Commissioner	34.7
Cheshire Fire Authority	12.4
Town and Parish Councils	9.1
Total	299.0

49. **Table 5** shows collection rates within three years, and demonstrates that 99% collection is on target to be achieved within this period.

Table 5 – Over 99% of Council Tax is collected within three years

Financial Year	CEC Cumulative			
	2017/18	2018/19	2019/20	2020/21
	%	%	%	%
After 1 year	98.3	98.2	97.9	97.4
After 2 years	99.1	99.0	98.8	**
After 3 years	99.3	99.2	**	**

**data not yet available

50. The council tax in-year collection rate for the period up to the end of September 2021 is 56.3%. This is an increase of 0.7%

on the previous year and shows positive signs of reverting to pre Covid-19 levels. Caution should be exercised however in view of the imminent end to furlough arrangements and the impact that may have on residents' ability to pay.

51. Council tax support payments were budgeted at £18.0m for 2021/22 and at the end of September the total council tax support awarded was £17.6m.
52. The Council Tax Support scheme remains the same for 2021/22, other than the uprating of the income bands in line with the Consumer Price Index in September 2020. The scheme was confirmed by full Council in December 2020.
53. A review of the Council Tax Support scheme for 2022/23 is underway and will be finalised later this year.
54. Council tax discounts awarded are £26.8m which is a slight increase on the same period in 2020/21. This is mainly due to an increase in single person discounts following the postponement of the discount review during Covid-19.
55. Council tax exemptions awarded is £6.6m which is an increase on the same period in 2020/21. This has been impacted by the postponement of exemption reviews during Covid-19.

Non-Domestic Rates (NDR)

56. NDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief.
57. The small business multiplier applied to businesses which qualify for the small business relief was set 49.9p in 2021/22.

The non-domestic multiplier was set at 51.2p in the pound for 2021/22.

58. During 2020/21 Cheshire East Council was in a pooling arrangement with the Greater Manchester (GM) Authorities (also included Cheshire West and Chester) to maximise business rate retention locally and support the economic regeneration of Greater Manchester and Cheshire Councils. Pool members were entitled to retain the levy charge on growth that would normally be paid over to Central Government. Cheshire East retained 50% of this levy charge locally before paying the remaining half over to the pool. The pooling arrangement has ceased for 2021/22 due to the continued uncertainty around business rates levels and the possibility of LA's falling below the safety net threshold as the pandemic continues.

59. **Table 6** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

Table 6 – Over 99% of Business Rates are collected within three years

Financial Year	CEC Cumulative			
	2017/18	2018/19	2019/20	2020/21
	%	%	%	%
After 1 year	97.7	98.5	98.2	92.4
After 2 years	99.2	99.4	98.4	**
After 3 years	99.8	99.4	**	**

**data not yet available

60. The business rates in-year collection rate for the period up to the end of September 2021 is 48.25%. Although this is a reduction on previous years it does not stand comparison due to the introduction of the Extended Retail Discount scheme which has impacted the annual debit part way through the year. Additionally, normal processes to recover unpaid business rates will only commence during the second half of this year as Government grant schemes come to an end.

Appendices to 2021/22 Financial Year Review

December 2021

Appendix 5

Highways and Transport 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
Highways and Transport				
Highways & Infrastructure	11,241	-	3	11,244
	11,241	-	3	11,244

Note additional grant funding is the expenditure budget relating to general purpose grants (none for this committee). Additional specific grants income and expenditure budgets held in the service area (section 3, tables 2 and 3 of this appendix) do not appear as they net to nil.

2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[90] Community Transport	-25				Following market testing no savings will be achieved in 21/22, position in fares for community transport will be reviewed once Covid support for local bus ends.
[88] Parking Strategy – Review of Charges	-327	-955			Behind schedule following Committee decision in September, on-going work to re-scope the parking review leading to future year income.
[23] Urban Grass Cutting	-67				On track
[24] Improving customer experience – Highways correspondence	-50	-50			<p>This exercise is now part of the council wide Brighter Future Together Customer Experience Workstream, specifically the corporate Formal Correspondence Pilot. The first stage of the pilot (July – September) was focussing on MP and Member Enquiry Service formal correspondence.</p> <p>A paper is currently being written for the pilot to be extended and to capture</p>

					all types of formal correspondence – any savings will be dependent on the recommendations and outcomes of the pilot.
[33] Commercialisation of the Highway Service Contract	-80				Commercialisation of the Highway Service Contract – Behind schedule, work on going to identify acceptable contractual mechanism. No savings will be achieved in 21/22, some savings may be achieved in the 22/23 financial year.
[87] Carbon Reduction - Replacement of existing illuminated signs and bollards with LED units		30	-4	-31	Year one of two year programme on track. Identified efficiencies likely to be achieved.
[89] Local Supported Buses	-33	-117			On track for FY 21/22, options for Fy22/23 will be identified through discussions on the new Enhanced Partnership with bus operators.

3. Corporate Grants Register

Table 1 – Corporate Grants Register

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
HIGHWAYS and TRANSPORT				
Specific Use (Held within Services)	348	949	601	
General Purpose (Held Corporately)				
TOTAL HIGHWAYS and TRANSPORT	348	949	601	

Notes

1 The Dedicated Schools Grant, Pupil Premium Grant, Sixth Form Grant and Other School Specific Grant from the Education Funding Agency (EFA) figures are based on actual anticipated allocations. Changes are for in-year increases/decreases to allocations by the DfE and conversions to academy status.

2 SRE - Supplementary Revenue Estimate requested by relevant service.

3 ODR - Officer Decision Record to approve immediate budget change to relevant service.

4 Reserves - transfer to reserves at year end.

5 Balances - amount will be included as a variance to budget.

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

3.2 The increase in specific grants relates mainly to bus services. Requests for the allocation of the additional specific grants received are detailed in **Table 2**. Previously approved additional specific grants are detailed in **Table 3**.

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

Table 2 – Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose)

Committee	Type of Grant	£000	Details
Highways and Transport	Bus Service Operators Grant	92	The Bus Service Operators Grant is a grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs. The amount each bus operator receives is based on their annual fuel consumption.
Highways and Transport	Bus Capacity Grant	247	Funding to support LTAs in developing local bus proposals as outlined in the National Bus Strategy.
Specific Purpose Allocations less than £500,000		339	
Total Specific Purpose Allocations		339	

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

Committee	Type of Grant	£000	Details
Highways and Transport (July report)	Local Authority Capability Fund	171	The grant is awarded to enable the authority to deliver the objectives as set out in the Capability Fund bid. The Local Authority Capability Fund supports the commitment made in Gear Change, the Prime Minister's Cycling and Walking Plan, in July 2020, to increase the capabilities of local authorities to plan good active travel infrastructure, including building more expertise and undertaking more evidence-based planning.
Highways and Transport (July report)	Covid-19 Bus Services Support Grant (Restart) - Tranche 6	91	Covid-19 Bus Services Support Grant can only be spent on supporting bus services that have been affected by or need to be adjusted because of the impact of Covid-19. It is to be used as additional support on top of normal funding for local bus services, not as a replacement of that funding.
Specific Purpose allocations already Approved		262	

4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Highways and Transport Committee		
Highways and Infrastructure	750	710

5. Capital Strategy

Highways and Transport													CAPITAL
CAPITAL PROGRAMME 2021/22- 2024/25													
Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2021/25 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes													
Highways and Infrastructure													
A51/A500 Corridor Nantwich	250	231	19	0	0	0	19					19	19
A50/A54 Holmes Chapel	603	66	10	200	327	0	537		537				537
A500 Dualling Scheme	9,329	7,506	1,822	0	0	0	1,822	2,702				-881	1,822
A537 Safer Road Fund Scheme	2,490	0	527	1,963	0	0	2,490	2,490					2,490
A54/A533 Leadsmithy St, Middlewich	563	115	45	403	0	0	448		448				448
A556 Knutsford To Bowdon	504	337	80	87	0	0	167		167				167
A6 Marr Cmm - Disley	2,122	1,612	100	410	0	0	510		56			454	510
A6 Marr Cmm Handforth	800	461	75	264	0	0	339	257	48			34	339
A6Marr Design Checks & Ta	473	268	205	0	0	0	205	72	133				205
Air Quality Action Plan	147	0	147	0	0	0	147	147					147
Alderley Edge Bypass Sch Impm	60,611	60,313	298	0	0	0	298					298	298
Bridge Maintenance Minor Wks	2,987	0	2,987	0	0	0	2,987	1,569				1,419	2,987
Congleton Link Road (Complete)	90,443	65,028	11,020	2,111	3,383	8,901	25,416	316	15,169			9,931	25,416
Client Contract And Asset Mgmt	388	0	388	0	0	0	388	388					388
Crewe Green Link Road Ph2	25,747	24,905	150	692	0	0	842		653			189	842
Crewe Green Roundabout	7,500	7,047	193	180	40	40	453		453				453
Crewe Rail Exchange	6,712	6,693	19	0	0	0	19	19					19
Davenport Lane, Arclid	352	50	302	0	0	0	302	245	57				302
Flowerpot Phs 1 & Pinch Point	5,500	1,007	936	392	2,838	327	4,493	2,437				2,057	4,493
Future High Street Funding - Adaptive Signals	306	0	82	53	153	18	306	306					306
Future High Street Funding - Earle Street Link	1,148	0	0	250	250	648	1,148	1,148					1,148
Future High Street Funding - Flag Lane Link	1,458	0	118	300	1,040	0	1,458	1,458					1,458
Future High Street Funding - Southern Gateway	3,054	0	58	284	1,786	926	3,054	3,054					3,054
Highway Maintenance Minor Wks	12,259	0	12,259	0	0	0	12,259	10,659				1,600	12,259
Highway Pothole/Challenge Fund	20,170	6,734	1,395	3,242	0	0	4,637					4,637	4,637
Highways S106 Funded Schemes	1,062	406	622	34	0	0	656	-36	692				656
Infrastructure Scheme Development	125	0	75	50			125	125					125
Jack Mills Way Part 1 Claims	300	277	23	0	0	0	23		23				23
Local Area Programme	1,012	0	711	301	0	0	1,012	1,011					1,011
Macclesfield Movement Strategy	100	31	0	69	0	0	69	69					69
Middlewich Eastern Bypass	25,518	13,802	7,506	4,211	0	0	11,717	6,938	4,779				11,717
Middlewich Rail Study	20	0	20	0	0	0	20	20					20
North-West Crewe Package	36,500	5,637	2,023	15,888	12,952	0	30,863	11,518	12,249		1,730	5,365	30,863
Old Mill Rd/ The Hill Junction	1,325	91	70	150	1,014	0	1,234		1,234				1,234
Part 1 Claims	79	0	41	38	0	0	79	79					79
Poynton Relief Road	50,657	18,367	14,995	8,371	356	8,569	32,290	10,833	6,200		1,000	14,257	32,290
Programme Management	200	0	200	0	0	0	200	200					200

CAPITAL PROGRAMME 2021/22- 2024/25

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2021/25 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes													
Highways and Infrastructure													
Road Network & Linked Key Inf	83	78	5	0	0	0	5	5					5
Road Safety Schemes Minor Wks	455	0	424	31	0	0	455	455					455
Safer Roads Fund A532	1,030	128	528	468	0	0	996	996					996
Safer Roads Scheme A536	2,310	237	1,479	594	0	0	2,073	2,073					2,073
Sydney Road Bridge	10,501	10,127	73,532	300,000	0	0	374	50	324				374
Winter Service Facility	999	287	276	436	0	0	712	136				576	712
							0						0
Transport & Parking							0						0
Accessibility: Public Transp'T	99	0	99	0	0	0	99	99					99
Active Travel Fund (Covid-19)	724	260	464	0	0	0	464	464					464
Active Travel (Cycle/Walking Route) Investment	528	0	528	0	0	0	528	518		10			528
Replace Route Planning System	195	172	23	0	0	0	23			23			23
Broadway Meadow Car Park	49	0	49	0	0	0	49					49	49
Car Parking Improvements	73	0	15	28	30	0	73			14		59	73
Digital Solutions - Parking	140	93	26	21	0	0	47					47	47
Pay And Display Parking Meters	620	531	0	40	49	0	89					89	89
Sustainable Travel Access Prog	3,274	1,487	1,387	400	0	0	1,787	1,240	309			238	1,787
Sustainable Travel To Schools	256	0	256	0	0	0	256	256					256
Town Studies	450	278	120	52	0	0	172	172					172
HS2 Programme													
Crewe Hs2 Hub Project Dev	12,701	6,671	6,029	0	0	0	6,029					6,029	6,029
Total Committed Schemes - In Progress	407,302	241,334	71,305	42,312	24,218	19,428	157,263	64,487	43,530	47	2,730	46,467	157,262
New Schemes													0
Highways and Infrastructure													0
Highways S106 Funded Schemes	6	0	6	0	0	0	6		6				6
Traffic Signs and Bollards - LED Replacement	1,250	0	625	625	0	0	1,250					1,250	1,250
Traffic Signal Maintenance	500	0	250	250	0	0	500	500					500
Integrated Transport Block - LTP	5,961	0		1,987	1,987	1,987	5,961	5,961					5,961
Maintenance Block - LTP	25,227	0		8,409	8,409	8,409	25,227	25,227					25,227
Incentive Fund - LTP	5,253	0		1,751	1,751	1,751	5,253	5,253					5,253
Transport & Parking													
Local Access - Crewe Transport Access Studies	150	0	75	75	0	0	150	150					150
Local Access - Macclesfield Transport Access Studies	150	0	75	75	0	0	150	150					150
Total New Schemes	38,497	0	1,031	13,172	12,147	12,147	38,497	37,241	6	0	0	1,250	38,497
Total Capital Schemes	445,799	241,334	72,336	55,484	36,365	31,575	195,760	101,728	43,536	47	2,730	47,717	195,759

6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021 £000	Forecast Movement in Reserves 2021/22 £000	Forecast Closing Balance 31st March 2022 £000	Notes
Highways and Infrastructure (Highways and Transport Committee)				
Flood Recovery Works	430	(215)	215	27 locations identified for repair works as a result of the 2019 flood events. There are also a further 16 which require investigation to ascertain the scope of the works required.
Well Managed Highway Infrastructure Delay	200	(100)	100	Due to the call in of WMHI, the savings proposed relating to winter service cannot be realised and the forecast service costs have increased.
Highways Procurement Proj	103	(26)	77	To finance the development of the next Highway Service Contract.
HS2	303	0	303	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.
Parking Pay and Display Machines / Parking Studies	178	0	178	Purchase of Pay and Display machines and town centre parking studies.
TOTAL	1,214	(341)	873	