



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			Forecast Variance	Impact on Reserves	
	2021/22			Outturn	Outturn	
	£m			£m	£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

- 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.
- 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.
- 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**.
- 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 (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
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

- 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

- 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.
- 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

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

- Particular issues are set out in the paragraphs below.

Children's Social Care

- 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 7

Environment and Communities 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
Environment and Communities				
Environment & Neighbourhood Service	41,899	470	(73)	42,296
	41,899	470	(73)	42,296

Note additional grant funding is the expenditure budget relating to general purpose grants in section 3, table 3 of this appendix and includes a virement of £400,000 from the Covid-19 Local Authority Support grant. Specific grants income and expenditure budgets held in the service area (section 3, table 2) 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
[41] Ansa income generation and efficiencies	-259				May not be achieved in full due to increase in the amount of waste being produced with more people working at home
[84] Waste contract inflation and tonnage growth	810	644	657	613	There is a risk that the planned growth for 2021/22 and future years will not be sufficient due to the higher volumes of waste being produced per household
[39] ASDV governance review / commercial income	-315	-225	-100		The 2021/22 saving may not be achieved in full due to a delay in concluding the ASDV Review programme
[85] Carbon Neutral Action Plan delivery	96	20	-81		On track
[29] Orbitas income and management fee	32	21			On track

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[31] ESAR Annual Management fee	-43	-42	-41	-40	On track
[42] Strategic leisure review		-250			On track
[86] Tree Risk Management		500			On track
[26] Regulatory Services ICT system		-9			On track
[22] Flexible resourcing	-50				On track
[27] CCTV Migration to wireless		-85			Dependent on procurement of new contract

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
ENVIRONMENT and COMMUNITIES				
Specific Use (Held within Services)	0	850	850	SRE
General Purpose (Held Corporately)				
Neighbourhood Planning Grant	0	70	70	SRE
TOTAL ENVIRONMENT and COMMUNITIES	0	920	920	

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 to HS2 Environmental and Landscape Mitigation Fund. Requests for the allocation of the additional specific grants received are detailed in **Table 2**.

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

3.4 **Table 3** shows general purpose grants that have previously been approved.

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

Committee	Type of Grant	£000	Details
Environment and Communities	HS2 Phase 2a Environmental and Landscape Mitigation Fund	850	£700,000 Environment and Landscape Enhancements Fund to enable the Council to initiate and deliver additional mitigation against the environmental, landscape and ecological impacts of the scheme. A further £150,000 was secured by an assurance to Cheshire Wildlife Trust which was agreed would be administered by the Council.
Total Specific Purpose Allocation for Committee Approval		850	
Total Specific Purpose Allocations		850	

Table 3 - Summary of Grant Expenditure already Approved from Central Budget General Purpose Grants

Committee	Type of Grant	£000	Details
Environment and Communities (Outturn report)	Neighbourhood Planning Grant	70	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.
General Purpose Allocations already Approved		70	

4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Environment and Communities Committee		
Environment and Neighbourhood Services	106	57

5. Capital Strategy

Environment and Communities

CAPITAL

CAPITAL PROGRAMME 2021/22- 2024/25

Scheme Description	Total Approved Budget	Prior Years	Forecast Expenditure				Total Forecast Budget 2021/25	Forecast Funding					Total Funding
			Forecast Budget 2021/22	Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25		Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes													
Environment Services													
Arnold Rhodes Public Open Space Improvements Phase 2	94	89	5	0	0	0	5		5				5
Bereavement Service Data System	35	0	35	0	0	0	35			35			35
Browns Lane, Wilmstow Play Area	585	510	74	0	0	0	74		74				74
Church Lane Community Park Development	95	90	5	0	0	0	5		5				5
Energy Improvements at Cledford Lane	985	785	199	0	0	0	199					199	199
Hassall Road Play Area Improvements	77	0	77	0	0	0	77		77				77
Household Bins Schemes	2,189	2,039	50	50	50		150					150	150
Household Waste Recycling Centre	145	101	45	0	0	0	45					45	45
Litter and Recycling Bins	208	56	52	50	50		152					152	152
Mere Court Open Space	157	148	9	0	0	0	9		9				9
Newtown Outdoor Pitch Improvements	51	39	12	0	0	0	12		12				12
Newtown Sports Facilities Improvements	51	41	10	0	0	0	10		10				10
Park Development Fund	626	484	142	0	0	0	142					142	142
Pastures Wood	51	11	40	0	0	0	40		15	25			40
Queens Park Lake Planting	18	17	1	0	0	0	1		1				1
Queens Park Play Area Improvements	100	0	100	0	0	0	100	94				6	100
Robin Lane Park Improvements	109	48	61	0	0	0	61	42				19	61
Rotherhead Drive Open Space and Play Area	141	0	141	0	0	0	141		141				141
Rugby Drive Playing Fields	308	193	115	0	0	0	115		115				115
Station Road Playground, Wrenbury	10	0	10	0	0	0	10		10				10
Victoria Park Pitch Improvements	29	3	26	0	0	0	26		26				26
West Park Skate Ramp Provision	34	0	34	0	0	0	34		34				34
Wynbunbury Parish Open Space	5	1	4	0	0	0	4		4				4
Wynbunbury Road, Willaston Play Area	63	37	26	0	0	0	26		26				26
Neighbourhood Services													
Congleton Leisure Centre	11,750	1,134	6,000	4,600	16	0	10,616					10,616	10,616
Macclesfield Leisure Centre Improvements	4,000	3,396	500	104	0	0	604					604	604
Middlewich Leisure Centre	60	0	60	0	0	0	60					60	60
Nantwich Pool Improvements	1,874	211	1,663	0	0	0	1,663					1,663	1,663
Next Generation - Self Service	374	322	52	0	0	0	52					52	52
Poynton Leisure Centre	4,606	391	500	3,715	0	0	4,215					4,215	4,215
Regulatory Services & Environmental Health ICT System	253	198	55	0	0	0	55			50		5	55
Replacement CCTV Cameras	205	0	205	0	0	0	205			205			205

CAPITAL PROGRAMME 2021/22- 2024/25

Scheme Description	Total Approved Budget	Prior Years	Forecast Expenditure				Total Forecast Budget 2021/25	Forecast Funding					Total Funding	
			Forecast Budget 2021/22	Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25		Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing		
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes														
Planning Services														
Replacement Planning & Building	410	22	123	265	0	0	388						388	388
Total Environment and Communities Schemes	29,697	10,366	10,431	8,785	116	0	19,331	136	565	315	0	18,315	19,331	

6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021	Forecast Movement in Reserves 2021/22	Forecast Closing Balance 31st March 2022	Notes
	£000	£000	£000	
Environment and Neighbourhood Services (Environment and Growth Committee)				
Strategic Planning	638	(209)	429	To meet costs associated with the Local Plan - site allocations and minerals and waste DPD
Air Quality	39	(39)	0	Air Quality Management - DEFRA Action Plan.
Licensing Enforcement	15	(15)	0	Three year reserve to fund a third party review and update of the Cheshire East Council Tax Licensing Enforcement Policies.
Trees / Structures Risk Management	627	(627)	0	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.
TOTAL	1,319	(890)	429	