

Council

Date of Meeting:	19 October 2022
Report Title:	Supplementary Revenue Estimates and Capital Virements (First Financial Review 2022/23)
Report of:	Alex Thompson: Director of Finance and Customer Services
Ward(s) Affected:	Not applicable

1. Purpose of Report

- 1.1. This report seeks approval from Council for supplementary revenue estimates and capital virements as part of the First Financial Review 2022/23. The items were noted by the Corporate Policy Committee on 6 October 2022.
- 1.2. The report supports the Council's vision to be an open Council as set out in the Corporate Plan 2021 to 2025. In particular, the priorities for being an open and enabling organisation, and ensuring that there is transparency in all aspects of Council decision making.

2. Executive Summary

- 2.1. Council is being asked to approve increased expenditure related to fully funded supplementary revenue estimates and a capital virement. The transactions form a part of the First Financial Review 2022/23 report that was presented to Corporate Policy Committee on 6 October.
- 2.2. The supplementary revenue estimates are relating to expenditure budgets for grants that are in addition to those approved in the MTFS report in February 2022 and include Journey First and Parents First, Dedicated Schools Grant (DSG) and Housing Benefit Subsidy.
- 2.3. The capital budget virement relates to emerging inflationary pressures for the Middlewich Eastern Bypass project. The virement moves money from existing provisions within the approved capital programme.

3. Recommendations

3.1. Council is asked to approve:

3.1.1. Three fully funded supplementary revenue estimates for specific grants coded directly to services over £1,000,000 in accordance with Financial Procedure Rules **Appendix 1**.

3.1.2. Capital virement over £5,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 2**.

4. Reasons for Recommendations

4.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for Members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.

4.2. The overall process for managing the Council's resources focuses on value for money and good governance and stewardship. Financial changes that become necessary during the year are properly authorised and this report sets out those areas where any further approvals are now required.

4.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.

5. Other Options Considered

5.1. Not applicable.

6. Background

6.1. The budget and policy framework sets out rules for managing the Council's financial affairs and contains the financial limits that apply in various parts of the Constitution. As part of sound financial management and to comply with the Constitution any changes to the budgets agreed by Council in the MTFS require approval in line with the financial limits within the Finance Procedure Rules.

6.2. The Council's Capital Programme was balanced over the four years of the Medium Term Financial Strategy 2022 to 2026 and included allocations for Exceptional Inflation and Strategic Projects. The Capital Programme is under review to ensure accurate costs and the profile of spending can be reported to each committee. This is due to be reported as part of the Mid-Year Review. Spending on the Middlewich East By-Pass is ongoing, so it important to recognise accurate costs at this earlier stage. Latest forecast costs have significantly increased due to inflation, so existing unallocated capital budgets are being utilised to ensure the project is clearly identified as fully funded.

- 6.3. The review of the Capital Programme will consider options to replenish the Exceptional Inflation and Strategic Project items within the lifetime of the current MTFS.

7. Consultation and Engagement

- 7.1. As part of the budget setting process the Pre-Budget Consultation provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council-wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

8. Implications

8.1. Legal

- 8.1.1. The requirement for a Council to approve supplementary revenue estimates and capital virements referred to above in accordance with the Finance Procedure Rules.

8.2. Finance

- 8.2.1. The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 8.2.2. The requirement for a Council to approve supplementary revenue estimates and capital virements referred to above in accordance with the Finance Procedure Rules.

8.3. Policy

- 8.3.1. Financial management supports delivery of all Council policies. The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2023 to 2027 Medium-Term Financial Strategy.

8.4. Equality

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

8.5. Human Resources

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

8.6. Risk Management

8.6.1. Performance and risk management are part of the management processes of the Authority. Risks are captured at Strategic and Operational levels, both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders.

8.6.2. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2021/22 budget and the level of general reserves were factored into the 2022/23 financial scenario, budget and reserves strategy.

8.7. Rural Communities

8.7.1. The report provides details of service provision across the borough.

8.8. Children and Young People/Cared for Children

8.8.1. The report includes expenditure relating to grant funding in respect to services to children and young people.

8.9. Public Health

8.9.1. Public health implications that arise from activities that this report deals with will be dealt with as separate reports to Members or Officer Decision Records as required.

8.10. Climate Change

8.10.1. Climate change implications that arise from activities that this report deals with will be dealt with as separate reports to Members or Officer Decision Records as required.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) alex.thompson@cheshireeast.gov.uk 01270 685876
Appendices:	Appendix 1 Supplementary Revenue Estimates Appendix 2 Capital Virement
Background Papers:	The following are links to key background documents: Medium-Term Financial Strategy First Financial Review, Item No.14

Appendix 1 Supplementary Revenue Estimates

Committee	Type of Grant	£000	Details
<p>Adults and Health</p> <p>(Note in the Corporate Policy Committee report this was Appendix 1 Section 3 Table 3)</p>	<p>Journey First and Parents First</p> <p>(Specific Purpose)</p>	2,500	<p>This grant is from the Department for Work and Pensions. Cheshire East Council is the Accountable Body for the delivery of three separate lots of former European Social Fund money (now administered by the Department for Work and Pensions). Two of these lots are under the Journey First banner with the third being Parents First. They aim to break down barriers for hard to reach groups to successfully become part of the employment market. These sub regional projects run over a number of financial years through to 2023/24.</p>
<p>Children and Families</p>	<p>Dedicated Schools Grant (DSG)</p> <p>(Specific Purpose)</p>	9,860	<p>Increase on MTFS 2022-26 estimate. This grant is from the Education and Skills Funding Agency with a national allocation of £53.659bn. The DSG allocations for 2022 to 2023 are made up of:</p> <ul style="list-style-type: none"> • The schools block; based on the primary units of funding (PUF), and secondary units of funding (SUF), and premises funding announced in July 2021 and growth funding. • The central school services block (CSSB); based on the units of funding and total historic commitments funding announced in July 2021. • The high needs block; based on the allocations announced in July 2021 with the basic entitlement element of the national funding formula (NFF) updated for the number of pupils in the October 2021

Committee	Type of Grant	£000	Details
(Note in the Corporate Policy Committee report this was Appendix 2 Section 3 Table 2)			<p>school census; and the additional high needs allocations funding announced in December 2021.</p> <ul style="list-style-type: none"> • The early years block; based on the early years funding rates published in November 2021 and made up of: <ul style="list-style-type: none"> - funding for the universal 15-hour entitlement for all 3 and 4-year-olds - funding for the additional 15 hours for 3 and 4-year-old children of eligible working parents - funding for the 15-hour entitlement for disadvantaged 2-year-olds - funding for the early years pupil premium (EYPP) - funding for the disability access fund (DAF) - supplementary funding for maintained nursery schools (MNS) <p>Dedicated schools grant (DSG): 2022 to 2023 - GOV.UK (www.gov.uk)</p>
Corporate Policy (Note in the Corporate Policy Committee report this was Appendix 3 Section 3 Table 2)	Housing Benefit Subsidy (Specific Purpose)	1,514	Increase on MTFs 2022-26 estimate. This grant is from the Department for Work and Pensions. Payment of claims administration within Housing Benefits.
Total Specific Purpose Allocation for Council Approval		13,874	

Appendix 2 Capital Virement

Service	Amount Requested	Reason and Funding Source
	£	
Capital Budget Virements over £5,000,000		
Highways & Transport		
Middlewich Eastern Bypass	18,435,000	Due to emerging inflationary pressures that have been identified on the project there is a need to increase the scheme costs to £92.5m in order to deliver the project within the current timeframes and to not incur further costs as a result of delaying the project. The monies are to be vired from the Exceptional Inflation allocation (£6.6m) and the Strategic Projects allocation (£11.8m)
Total Capital Virements requested	18,435,000	
Total Supplementary Capital Estimates and Virements	18,435,000	

(Note in the Corporate Policy Committee report this was Appendix 6 Section 5 Table 6)