

Finance Sub-Committee

Agenda

Date: Tuesday 25th June 2024
Time: 2.30 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

It should be noted that Part 1 items of Cheshire East Council decision making meetings are audio recorded and the recordings will be uploaded to the Council's website.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. **Apologies for Absence**

To note any apologies for absence from Members.

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary interests, other registerable interests, and non-registerable interests in any item on the agenda.

3. **Minutes of Previous Meeting (Pages 5 - 12)**

To approve as a correct record the minutes of the previous meeting held on 22 March 2024.

For requests for further information

Contact: Rachel Graves

Tel: 01270 686473

E-Mail: rachel.graves@cheshireeast.gov.uk

4. **Public Speaking/Open Session**

In accordance with the Committee Procedure Rules and Appendix on Public Speaking, a total period of 15 minutes is allocated for members of the public to put questions to the Sub-Committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes to speak; the Chair will have discretion to vary this where they consider it appropriate.

Members of the public wishing to speak are required to provide notice of this at least three clear working days in advance of the meeting.

5. **Final Outturn 2023/24 (Pages 13 - 190)**

To consider the overview of the Cheshire East Council final outturn for the financial year 2023/24.

6. **Medium Term Financial Strategy Assumptions and Reporting Cycle for 2024/25 to 2028/29 (Pages 191 - 242)**

To consider the report on the baseline assumptions for net revenue expenditure and core funding, to assist with development of the Medium-Term Financial Strategy 2025 to 2029.

7. **Draft Pre-audited Financial Statements – Wholly Owned Companies 2023/24 and Out-turn Update 2023/24 (Pages 243 - 254)**

To note the pre-audited financial statements for the Wholly Owned Companies and Outturn for the financial year 2023/24.

8. **Appointments to Working Groups and Wholly-owned Company Boards (Pages 255 - 266)**

To consider a report on appointments to the Shareholder Working Group, Joint Extra Care Housing Management Board and to appoint shareholder representatives to attend and observe the wholly owned company boards.

9. **Work Programme (Pages 267 - 274)**

To consider the Work Programme and determine any required amendments.

10. **Reporting of Urgent Decisions (Pages 275 - 276)**

To note an urgent decision taken on behalf of the Committee.

11. Exclusion of the Press and Public

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

PART 2 - MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT

**12. Wholly Owned Companies Strategic Options Review - Outcomes
(Pages 277 - 316)**

To consider the report.

Membership: Councillors L Anderson (Vice-Chair), D Brown, J Clowes, B Drake, R Kain, C O'Leary, N Mannion (Chair) and F Wilson

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Friday, 22nd March, 2024 in Committee Suite 1, 2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor N Mannion (Chair)
Councillor L Anderson (Vice-Chair)

Councillors D Brown, J Clowes, B Drake, R Kain, D Clark (for Cllr Wilson) and
S Edgar (for Cllr O'Leary)

OFFICERS

Alex Thompson, Director of Finance and Customer Services
David Brown, Director of Governance and Compliance
Paul Mountford, Democratic Services
Lianne Halliday, Head of Procurement
Deborah Upton, Senior Governance Lawyer
Richard Doran, Green Infrastructure Manager

APOLOGIES

Councillors C O'Leary and F Wilson

56 DECLARATIONS OF INTEREST

The Chair, Councillor N Mannion, declared a pecuniary interest in an item relating to Tatton Park Enterprises Ltd Contract Extension as a member of the Tatton Park Board.

Councillor L Anderson declared for the record that she had recently resigned as a Director of Orbitas.

57 MINUTES OF PREVIOUS MEETING**RESOLVED**

That the minutes of the meetings held on 11th and 31st January 2024 be approved as a correct record.

58 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

59 SERVICE BUDGETS 2024/25 (FINANCE SUB-COMMITTEE)

The Sub-Committee considered a report on the allocation of the approved budgets to each of the service committees, and the financial reporting cycle for 2024/25.

The Director of Finance and Customer Services advised as follows in response to members' questions and comments:

- Where there was a budget overspend or underperformance, officers would provide the relevant commentary and analysis, and highlight areas for decision.
- A standard format would be adopted for all service committees to ensure a consistent approach to managing budgets.
- A RAG rating would be provided for each policy change proposal; with red and amber ratings highlighting where decisions were required. The Director would consider the feasibility of incorporating RAG ratings into tables for committee reports.
- The chairs and/or lead officers of relevant service committees could be asked to attend Finance Sub-Committee meetings to discuss budget activity, mitigation and forecasts. This would be necessary if mitigation was not being contained within the individual committee as this could impact on General Reserves which were the responsibility of the Finance Sub-Committee.
- A planner view could be provided to assist members in understanding the interdependencies between committees.
- A report on Council Tax and Business Rates collection would be brought to the Sub-Committee's meeting in June 2024.

RESOLVED (unanimously)

That the Sub-Committee

1. approves the allocation of the revenue and capital budgets, budget change items and earmarked reserves to the following committees in accordance with the approved MTFS, as set out in Appendix A to the report:
 - Adults & Health
 - Children & Families
 - Corporate Policy
 - Economy & Growth
 - Environment & Communities
 - Finance Sub-Committee
 - Highways & Transport
2. approves that a report on the progress on delivery of the approved budget policy change items is included as a standing agenda item for each service committee meeting during the 2024/25 reporting year; and
3. notes the draft financial reporting timetable for 2024/25 set out in Appendix B.

60 CIPFA FINANCIAL MANAGEMENT CODE (FM CODE) PROGRESS UPDATE

The Sub-Committee considered an update report on the Council's progress in implementing the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the contents of the report and the self-assessment against the principles of the CIPFA FM Code;
2. notes the current re-assessment position in Appendix 2 – Cheshire East Council's current level of compliance with the CIPFA Financial Management Code Framework; and
3. agrees that two informal sessions be held in May/June for Finance Sub-Committee members to review the draft self-assessment, and a report be submitted to the June 2024 meeting of the Sub-Committee relating to the approval of the self-assessment and action/improvement planning.

61 CHESHIRE & WARRINGTON LOCAL ENTERPRISE PARTNERSHIP LTD - APPOINTMENTS TO COMMITTEES

The Sub-Committee considered a report on appointments to the new Cheshire and Warrington Joint Committee and related bodies.

Officers advised that the primary role of the Finance Sub-Committee would be to have oversight of the investment decisions by Enterprise Cheshire and Warrington.

RESOLVED

That the Sub-Committee

1. (by majority) agrees to appoint the Leader to be the Owner Member of the Joint Committee (Part One);
2. (by majority) agrees to appoint the Deputy Leader to be a member of the Joint Committee (Part Two) and to be the substitute for the Owner Member;
3. (by majority) agrees to appoint the Chair of the Finance Sub-Committee, or in his absence the Chair of the Environment and Communities Committee, to be the substitute member for the Joint Committee (Part Two);

4. notes that the Corporate Policy Committee will make the appointment to the director of Alderley Park Holdings Ltd;
5. agrees to appoint the Executive Director Place to the Cheshire & Warrington Development Fund (General Partner) Ltd;
6. (by majority) agrees to recommend to the Joint Committee that the Joint Committee fulfil the function of the Investment Committee; and
7. (unanimously) agrees that members of the Finance Sub-Committee should receive a briefing as soon as possible on all investments involving Cheshire East Council, including those of the LEP partnership, with a report back to the Sub-Committee's meeting in June 2024 to determine how the Sub-Committee's shareholder function is best carried out.

62 WORK PROGRAMME

The Sub-Committee noted the items currently scheduled for its next meeting in June, to which the following would now be added:

- CIPFA Financial Management Code - approval of the self-assessment and action/improvement planning
- Wholly-owned Companies
- The Finance Sub-Committee's oversight of its holdings
- Budget oversight report
- Council Tax and Business Rates collection

With regard to budget oversight, it was noted that the service committees would be receiving their first reports for the 2025 budget at their June meetings. The Finance Sub-Committee's meeting in June was currently scheduled for 11th June, before two of the service committees were due to meet. It was therefore suggested that the Sub-Committee's meeting be moved to a later date in June so that it was able to receive details of all the service committee budget proposals.

Looking further ahead, the Sub-Committee would receive a report on the transformation programme at its September meeting. This would provide an additional dimension to the budget planning process.

The work programme for 2024-25 would be presented for approval to the Committee's meeting in June.

RESOLVED

That

1. the work programme be noted; and

2. officers, in consultation with the Chair, identify a suitable alternative date for the Sub-Committee's meeting in June.

63 **PROCUREMENT PIPELINE**

The Sub-Committee considered an update report on the pipeline of procurement activity, the contracts awarded this fiscal year, and the number of cases where, and reasons why, procurement activity has required the use of waivers.

The detailed waiver and non-adherence referred to in the report would be considered in Part 2 of the meeting.

RESOLVED (unanimously)

That the Sub-Committee

1. approves the 1 pipeline project in Appendix 1 column H as business as usual;
2. notes the reason for 1 waiver approved between 1st January 2024 and 29th February 2024 (6 in total in 2023/24);
3. notes the reason for 1 non-adherence between 1st January 2024 and 29th February 2024 (1 in total in 2023/24);
4. notes the contracts awarded since April 2023, Appendix 2; and
5. notes the update on the public procurement legislation, Public Contract Regulations 2023.

64 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED (unanimously)

That the press and public be excluded from the meeting during consideration of the final item on the agenda pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

(At this point, the Sub-Committee adjourned for a 10 minute break.)

65 **PROCUREMENT PIPELINE**

The Sub-Committee considered details of the waiver and non-adherence referred to in the Procurement Pipeline report.

RESOLVED

That the details of the waiver and non-adherence referred to in the Procurement Pipeline report be noted.

66 TATTON PARK ENTERPRISES LTD CONTRACT EXTENSION

The Chair, Councillor N Mannion, declared a pecuniary interest in this item as a member of the Tatton Park Board and left the meeting prior to its consideration, vacating the chair. The Vice-Chair, Councillor L Anderson, chaired the meeting in Councillor Mannion's absence.

The Sub-Committee considered a proposal to extend the contract for catering provision at Tatton Park to Tatton Park Enterprises Ltd (TPE Ltd) for a period of 24 months effective from the 16th April 2024 to the 15th April 2026.

RESOLVED (unanimously)

That the Sub-Committee approves that the contract with Tatton Park Enterprises Ltd for the catering provision at Tatton Park be extended for a further two years from the 16th April 2024 to the 15th April 2026.

At the conclusion of this item, Councillor Mannion was invited to return to the meeting and resumed the chair.

67 PROGRESS UPDATE ON ANSA REVIEW

The Sub-Committee received a presentation summarising the findings of a recent review of Ansa.

RESOLVED

That the outcome of the recent review of Ansa be noted.

68 COMMERCIAL OPPORTUNITY - ANSA

The Sub-Committee considered a due diligence report in relation to a proposed commercial opportunity for Ansa.

RESOLVED (by majority)

That the Finance Sub-Committee approves the proposal that Ansa Environmental Services Ltd enter into the contract with a third-party Housing Association for a period of 4 years with the option to extend the contract for a further 2 years (by individual extensions of 1 year each).

The meeting commenced at 10.00 am and concluded at 1.50 pm

Councillor N Mannion (Chair)

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OPEN

Finance Sub Committee

25 June 2024

Final Outturn 2023/24

Report of: Adele Taylor, Interim Director of Finance and Customer Services (s151 Officer)

Report Reference No: FSC/25/24-25

Ward(s) Affected: Not applicable

Purpose of Report

- 1 This report provides members with an overview of the Cheshire East Council final outturn for the financial year 2023/24. Members are being asked to consider the financial performance of the Council. The report also proposes treatment of year end balances that reflects risks identified in the Medium-Term Financial Strategy which was approved by Council on 27 February 2024.
- 2 To highlight financial performance across all Departments, and within Central Budgets shows how the Council is achieving its financial strategies and managing financial control and accountability.
- 3 To reporting the financial outturn at this stage, and in this format 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 an open and enabling organisation, ensure that there is transparency in all aspects of Council decision making.

Executive Summary

- 4 This report outlines how the Council managed its resources through sound financial planning, monitoring, and reporting to achieve outcomes and value for money.
- 5 The Outturn is reported as part of the Statutory Accounts and is therefore subject to audit. The audited Accounts will be presented to the Audit and Governance Committee on 30 September 2024.

- 6 The annex and appendices attached to this report set out details of the Council's financial performance:
- 7 **Annex 1** – Sets out the financial stability context and reasons for the outturn position. The annex contains an appendix for each service committee relating to revenue and capital budgets, debt and reserves. It also includes appendices with updates to the Treasury Management Strategy and Investment Strategy as at 31st March 2024.

RECOMMENDATIONS

The Finance Sub Committee is recommended to:

1. Consider the overall financial performance of the Council in the 2023/24 financial year, as contained within the report, as follows:
 - a) A Net Revenue Overspend of £8.5m against a revised budget of £356.2m (2.4% variance) funded by drawdown from General Reserves.
 - b) General Reserves closing balance of £5.6m.
 - c) Capital Spending of £136.9m against an approved programme of £171.1m (18% variance).
2. Consider the contents of each of the following annexes:
 - a) **Annex 1 – Financial Stability** section provides information on the overall financial stability and resilience of the Council. Further details are contained in the appendices.
 - **Appendix 1** Adults and Health Committee.
 - **Appendix 2** Children and Families Committee.
 - **Appendix 3** Corporate Policy Committee.
 - **Appendix 4** Economy and Growth Committee.
 - **Appendix 5** Environment and Communities Committee.
 - **Appendix 6** Highways and Transport Committee.
 - **Appendix 7** Finance Sub Committee.
 - **Appendix 7a** Update to the Treasury Management Strategy.
 - **Appendix 7b** Update to the Investment Strategy.
3. Approve the **Children and Families Committee** Supplementary Capital Estimates (SCE) over £1,000,000 and Capital Virements over £5,000,000 in accordance with Financial Procedure Rules as detailed in **Annex 1: Appendix 2, Section 4, Table 4**.

4. Approve the **Highways and Transport Committee** Supplementary Capital Estimates (SCE) over £1,000,000 as detailed in **Annex 1: Appendix 6, Section 4, Table 4.**
5. Note the **Environment and Communities Committee** Capital Budget reductions as detailed in **Annex1: Appendix 5, Section 4, Table 3.** Note
6. Note the **Highways and Transport Committee** Capital Budget reductions as detailed in **Annex1: Appendix 6, Section 4, Table 5.**

Background

- 8 The recommendations within the 2023/24 Financial Reviews and the Medium-Term Financial Strategy (MTFS) were clear in the treatment of the outturn and future reserve balances.
- 9 The MTFS recognised emerging risks such as inflation and particularly the Dedicated Schools Grant (DSG) deficit, which highlighted there is no alternative funding.
- 10 The financial outturn for Cheshire East Council is an overspend of £8.5m. This is net of appropriate allocations to useable reserves. Further detail is provided in **Table 1** and **Annex 1.**

Table 1: Total Net Revenue Budget is overspent by £8.5m

2023/24	Revised Budget	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	(NET)				
	£m	£m	£m	£m	£m
Service Committee					
Adults and Health	138.0	149.8	11.8	5.0	6.8
Children and Families	81.9	90.1	8.2	10.0	(1.8)
Corporate Policy	41.9	37.3	(4.5)	(1.0)	(3.6)
Economy and Growth	24.9	20.4	(4.5)	(2.8)	(1.6)
Environment and Communities	48.2	50.5	2.3	3.1	(0.8)
Highways and Transport	21.1	19.6	(1.5)	(0.2)	(1.3)
Sub-Committee					
Finance Sub	(355.9)	(359.3)	(3.3)	(1.1)	(2.2)
TOTAL	(0.0)	8.5	8.5	13.0	(4.5)

- 11 To balance this position £8.5m was drawn down from the General Fund Reserve (£4.5m less than forecast at Third Financial Review). General reserves have decreased from £14.1m to £5.6m following the utilisation of £8.5m as noted above.
- 12 During 2023/24, a net total of £29.3m was drawn down from Earmarked Reserves and applied to fund the service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding. The closing balance at 31st March 2024 was £32.3m, excluding balances held by schools.
- 13 Expenditure on the capital programme is £136.9m against a revised budget of £171.1m that was reported to the Finance Sub Committee on the 11 January 2024. The underspend of £34.2 will be slipped into 2024/25 and future years. Budgets will be re-profiled as part of the outturn reporting. This level of slippage, at 18%, is a higher variance than 2022/23 (7%).
- 14 The original budget set in February 2023 was £214.7m, during 2023/24 project managers were asked to re-profile their forecasts resulting in the revised forecast of £171.1m. Capital receipts in year amounted to £3.5m against a forecast of £1.0m, in the first instance this improvement reduces potential borrowing costs. Treatment of capital receipts will be considered as part of the review of the Capital Strategy.

Table 2: Total Capital Expenditure and Funding for the financial years 2023/24, and 2024/25 to 2026/27.

	Outturn 2023/24 £m	Three Year Forecast			Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	
Expenditure					
Children and Families	29.0	56.3	32.1	12.3	129.7
Adults and Health	0.1	0.8	0.0	0.0	0.9
Highways and Transport	57.4	66.4	51.4	154.6	329.8
Economy and Growth	39.0	92.6	67.6	22.3	221.5
Environment and Communities	5.6	14.6	17.5	1.4	39.1
Corporate Policy	5.9	14.8	6.5	2.5	29.7
	136.9	245.5	175.1	193.1	750.7
Funding					
Grants and Other Contributions	70.0	189.7	94.5	167.9	522.1
Capital Receipts and Reserves	2.3	3.6	32.0	2.1	40.0
Borrowing	64.6	52.2	48.6	23.1	188.5
Total Funding	136.9	245.5	175.1	193.1	750.7

- 15 The Council's wholly owned companies' core contract expenditure was £45.05m in 2023/24, relating to services provided at cost for the Council. This position includes a net £2.4m of additional costs in year, relating to pay award pressures, significant inflation against contracts and materials, recycling income decline and increased demand for services; partly offset by improvements against fuel spend, income, staffing vacancies, and other mitigations and efficiencies.
- 16 The net increase in cost is reflected in the Council's outturn position, mainly against Environment & Communities Committee services, but also partly against Adults & Health with a net reduction against Highways & Transport Committee functions.
- 17 Ansa and Orbitas realised £0.173m in profits (after tax) from commercial activities. Although Transport Service Solutions (TSS) ceased trading on 31 March 2022, there were residual transactions in 2023/24, as part of winding down the company, generating a £0.023m final dividend payment.
- 18 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.

Consultation and Engagement

- 19 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.

Reasons for Recommendations

- 20 The recommendations in this report support the 'Reporting' element of the financial cycle.
- 21 The overall process for managing the Council's resources focuses on value for money, good governance, and stewardship. The approach to these responsibilities is captured in the Medium-Term Financial Strategy. Financial changes take place during the year and are

authorised in line with the Constitution. This report sets out where further approvals are required.

- 22 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.
- 23 Outturn reporting provides an opportunity to check performance and management of risks against the Medium-Term Financial Strategy. The four-year MTFS is balanced and approved by Council, but risks were identified as part of this process which could require access to reserves. Members had regard to such risks as the deficit in Dedicated School Grant reserves and potential liabilities associated with the Extra Care Housing PFI (Private Finance Initiative) Scheme when approving the budget. To ensure transparency on management of such risks it is proposed that the improvement in the outturn supports an increase in the General Reserves of the Council which enhances overall financial stability.

Other Options Considered

- 24 Outturn reporting could be delayed until post audit, to avoid the risk of provisional figures changing. This is not a recommended option as the audit completion certificate is not expected until September 2024. Delaying the reporting element of the financial cycle minimises the ability to react to issues during in-year monitoring. Provisional reporting has historically been accurate, so it is appropriate to react to the financial information provided in this report.
- 25 Positive variances, compared to the third quarter forecasts in 2023/24, could be allocated to budgets or reserves other than general reserves. This is not recommended as the MTFS has been agreed by Council with clear recognition of emerging risks that require mitigation.
- 26 General Reserves are used to manage risk, in accordance with the Reserves Strategy. In the Planning cycle for the 2025/26 MTFS members will have to re-consider the robustness of all estimates and the overall adequacy of reserves based on up-to-date information and forecasts, which will include a review of the level of General Reserves

Implications and Comments

Monitoring Officer/Legal

- 27 The legal implications surrounding the process of setting the 2023 to 2028 Medium-Term Financial Strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the final outturn stage in 2023/24.

- 28 Other implications arising directly from this report relate to the internal processes of approving supplementary revenue estimates, supplementary capital estimates and virements referred to above which are governed by the Finance Procedure Rules.

Section 151 Officer/Finance

- 29 The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for residents and communities. Monitoring and managing performance help to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 30 The Council's Audit & Governance Committee is responsible for reviewing and analysing the Council's audited position at year-end. Final Group Accounts are due for approval by 30 September 2024 following public scrutiny, external auditing, and any associated recommendations to the Committee.
- 31 The forecast outturn for 2023/24, as reported within the MTFs, was used to inform the budget setting process for 2024/25. Analysis of the final outturn helps to inform the Council of potential issues arising for the 2024/25 budget or highlights potential underlying issues that can be managed in future budget setting cycles.
- 32 At this stage further work is underway to identify whether the variations reported at outturn will form a significant risk to the 2024/25 budget.

Policy

- 33 This report is a backward look at Council activities during the final quarter.
- 34 The final outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2025-29 Medium-Term Financial Strategy.

Equality, Diversity, and Inclusion

- 35 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.

Human Resources

- 36 This report is a backward look at Council activities at outturn and states the year end position. 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.

Risk Management

- 37 Financial risks are assessed and reported on a regular basis, and remedial action taken if required. Risks associated with the achievement of the 2022/23 budget and the level of general reserves were factored into the 2023/24 financial scenario, budget, and reserves strategy.

Rural Communities

- 38 The report provides details of service provision across the borough.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 39 The report provides details of service provision across the borough and notes the overspend on Children in Care.

Public Health

- 40 This report is a backward look at Council activities at the fourth quarter and provides the year end position. Any public health 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.

Climate Change

- 41 There are no direct implications for climate change.

Access to Information	
Contact Officer:	Adele Taylor, Interim Director of Finance and Customer Services (s151 Officer) adele.taylor@cheshireeast.gov.uk Paul Goodwin, Head of Finance & Deputy Chief Finance Officer paul.goodwin@cheshireeast.gov.uk
Appendices:	Annex 1 – Final Outturn 2023/24
Background Papers:	Medium Term Financial Strategy 2023-27 First Financial Review 2023/24 Second Financial Review 2023/24

	Third Financial Review 2023/24
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Final Outturn 2023/24

June 2024

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:

RandC@cheshireeast.gov.uk

Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 406,000 local people with annual capital and revenue spending of almost £800m.

Local government is going through a period of severe financial challenges as a result of increasing demand for services and rising costs due to inflation and interest rates. There is also a limit on Council Tax increases (which represent the most significant funding element for the Council) and uncertainty over future levels of 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 and the national cost of living increases. This demand is resulting in an outturn of £8.5m against a net revenue budget of £356.2m. The most significant impacts are within the rising costs of Adults' Social Care and Children's Social Care. In terms of comparisons to budgets these represent an overspend of £20m.

When the 2024/25 budget was set, in February 2024, 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. The service budget reports for 2024/25 reported to each service committee in June 2024 for Adults and Children both highlight pressures due to demand. These will almost certainly affect the medium term finances of the Council. This situation must be addressed now and as part of the MTFs process for 2025 to 2029. The Council's transformation programme will help in identifying scope for savings but each service Director and the relevant committee will need to generate proposals to significantly reduce budgets overall.

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 2023/24.

The **Financial Stability** section provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2023/24 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** Adults and Health Committee.
- **Appendix 2** Children and Families Committee.
- **Appendix 3** Corporate Policy Committee.
- **Appendix 4** Economy and Growth Committee.
- **Appendix 5** Environment and Communities Committee.
- **Appendix 6** Highways and Transport Committee.
- **Appendix 7** Finance Sub-Committee.
- **Appendix 7a** Update to the Treasury Management Strategy.
- **Appendix 7b** Update to the Investment Strategy.

Adele Taylor

Interim Director of Finance and Customer Services
(Section 151 Officer)

Contents

- Introduction 1
- 2023/24 Final Outturn - Financial Position 3
- Appendices to Final Outturn 2023/24 5
 - Appendix 1: Adults and Health 6
 - Appendix 2: Children and Families Committee 20
 - Appendix 3: Corporate Policy Committee 43
 - Appendix 4: Economy and Growth Committee 58
 - Appendix 5: Environment and Communities Committee 73
 - Appendix 6: Highways and Transport Committee 88
 - Appendix 7: Finance Sub-Committee 106
 - Appendix 7a: Treasury Management Strategy 135
 - Appendix 7b: Investment Strategy 147

2023/24 Final Outturn - Financial Position

2023/24	Revised Budget (NET) £m	Outturn £m	Variance £m	For further information please see the following sections
SERVICE DIRECTORATES				
Adults, Health and Integration	138.0	149.8	11.8	Appendix 1
Children's Services	81.9	90.1	8.2	Appendix 2
Place - Directorate/Growth & Enterprise	24.9	20.4	(4.5)	Appendix 4
Place - Environment & Neighbourhood Services	48.2	50.5	2.3	Appendix 5
Place - Highways & Infrastructure	21.1	19.6	(1.5)	Appendix 6
Corporate Services	41.9	37.3	(4.5)	Appendix 3
Total Services Net Expenditure	355.9	367.8	11.9	
CENTRAL BUDGETS				
Capital Financing	26.9	26.9	0.0	Appendix 7 Section 5
Transfer to/(from) Earmarked Reserves	(25.7)	(25.7)	0.0	Appendix 7 Section 6
Transfer from MTFS Earmarked Reserve	-	-	-	Appendix 7 Section 6
Corporate Contributions / Central Budgets	(1.0)	(3.7)	(2.8)	Appendix 7
TOTAL NET EXPENDITURE	356.2	365.3	9.1	
Business Rates Retention Scheme	(57.9)	(58.3)	(0.4)	Appendix 7 Section 2
Specific Grants	(27.3)	(27.5)	(0.2)	Appendix 7 Section 3
Council Tax	(271.0)	(271.0)	-	Appendix 7 Section 2
Net Funding	(356.2)	(356.7)	(0.6)	
NET (SURPLUS) / DEFICIT	(0.0)	8.5	8.5	

Financial Stability

Introduction

1. The Council has a 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 inflation, the legacy impact of the Coronavirus pandemic on people and on the economy and increasing cost of living pressure on households. These issues have the effect of increasing the demand for services and increasing costs of services.
2. Complexity and market sustainability in Adults' and Children's Social Care remains the most significant financial pressure for the Council in the medium term. The affects of inflation on contracts, utilities and wage levels are affecting costs across all services.
3. **Table 1** provides a service summary of financial performance. The final outturn position shows that services were £11.9m over budget 2023/24.
4. It also shows that central budgets were £3.4m below budget resulting in an overall outturn of £8.5 overspend against a net revenue budget of £356.2m.
5. Further items impacting on the level of the Council's balances are detailed in **Appendix 7**.

Table 1 - Service Revenue Outturn

2023/24	Revised Budget	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	(NET)				
	£m	£m	£m	£000	£000
SERVICE DIRECTORATES					
Adult Social Care - Operations	143.9	158.5	14.6	4.9	9.7
Commissioning	(6.5)	(9.3)	(2.8)	0.1	(2.9)
Public Health	0.6	0.6	-	-	-
Adults and Health Committee	138.0	149.8	11.8	5.0	6.8
Directorate	1.3	0.9	(0.4)	(0.2)	(0.2)
Children's Social Care	49.6	58.2	8.6	9.2	(0.6)
Strong Start, Family Help and Integration	7.2	6.2	(1.0)	(1.0)	0.0
Education & 14-19 Skills	23.9	24.9	1.0	2.0	(1.0)
Children and Families Committee	81.9	90.1	8.2	10.0	(1.8)
Directorate	0.6	0.4	(0.2)	(0.2)	(0.2)
Growth & Enterprise	24.2	20.0	(4.3)	(2.6)	(1.7)
Economy and Growth Committee	24.9	20.4	(4.5)	(2.8)	(1.7)
Environment & Neighbourhood Services	48.2	50.5	2.3	3.1	(0.8)
Environment and Communities Committee	48.2	50.5	2.3	3.1	(0.8)
Highways & Infrastructure	21.1	19.6	(1.5)	(0.2)	(1.3)
Highways and Transport Committee	21.1	19.6	(1.5)	(0.2)	(1.2)
Directorate	0.8	0.3	(0.54)	(0.3)	(0.3)
Finance & Customer Services	13.6	13.0	(0.66)	(0.2)	(0.5)
Governance & Compliance Services	10.4	9.5	(0.92)	(0.4)	(0.5)
Communications	0.7	0.7	(0.02)	0.0	(0.0)
HR	2.6	2.1	(0.46)	(0.4)	(0.1)
ICT	11.6	9.7	(1.90)	0.3	(2.2)
Policy & Change	2.1	2.0	(0.06)	(0.1)	0.0
Corporate Policy Committee	41.9	37.3	(4.5)	(1.0)	(3.6)
TOTAL SERVICES NET EXPENDITURE	355.9	367.8	11.9	14.1	(2.2)
CENTRAL BUDGETS					
Capital Financing	26.9	26.9	0.0	-	0.0
Transfer to/(from) Earmarked Reserves	(25.7)	(25.7)	0.0	-	0.0
Corporate Contributions / Central Budgets	(1.0)	(3.7)	(2.8)	(1.1)	(1.7)
Finance Sub-Committee - Central Budgets	0.2	(2.5)	(2.8)	(1.1)	(1.7)
TOTAL NET EXPENDITURE	356.2	365.3	9.1	13.0	(3.9)
Business Rates Retention Scheme	(57.9)	(58.3)	(0.4)	-	(0.4)
Specific Grants	(27.3)	(27.5)	(0.2)	-	(0.2)
Council Tax	(271.0)	(271.0)	-	-	-
Finance Sub-Committee - Net Funding	(356.2)	(356.7)	(0.6)	-	(0.6)
NET (SURPLUS) / DEFICIT	(0.0)	8.5	8.5	13.0	(4.5)

Appendices to Final Outturn 2023/24

June 2024

Appendix 1: Adults and Health

Contents

1. 2023/24 Final Outturn and Commentary

2. Corporate Grants Register

Table 1: Adults and Health Committee Grants

Table 2: Committee Decision Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) over £500,000 up to £1,000,000

Table 3: Additional Grant Funding (Specific Purpose) £500,000 or less

Table 4: Delegated Decision Additional Grant Funding (General Use) previously named in the MTFS

3. Debt Management

4. Capital Strategy

Table 1: Capital Programme

5. Reserves Strategy

Appendix 1

Adults and Health Committee

1. 2023/24 Final Outturn and Commentary

2023/24	Revised Budget (NET)	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	£000	£000	£000	£000	£000
Adult Social Care - Operations	143,888	158,523	14,635	4,932	9,703
Commissioning	(6,484)	(9,327)	(2,843)	57	(2,900)
Public Health	642	642	-	-	-
Adults, Health and Integration	138,046	149,838	11,793	4,989	6,804

Outturn Commentary

2023/24 has been an extraordinarily difficult year for adult social care, locally and nationally as it has sought to respond to increased complexity of need, particularly amongst younger adults, increased costs arising from ongoing inflation pressures affecting care providers and the need to support the NHS with hospital discharge pressures. These issues have driven an unexpected and unfunded level of expenditure in 2023/24. Adult services finances are complex to both monitor and forecast contributing to the variance between the third financial review and the final outturn. The movement is made up of several changes as opposed to one simple reason between these two reporting points. These include planned mitigations not being able to be delivered, unsuccessful negotiations with providers in respect of price, staffing levels only being able to be partially reduced to maintain a safe service, and reductions planned for 2024/25 not being able to be brought forward into 2023/24 as both demand and complexity of service users and levels of hospital discharge have all proved challenging.

Late unanticipated changes have also affected the final position, including recharges for agency staff, write-off of uncollected income and the inability to further capitalise some revenue costs. A lot of these changes are inter-linked and making a reduction in one area can increase expenditure in other areas. Further work is underway to understand the extent to which these late changes worsen the position regarding 2024/25, with the very early analysis to date indicating most of the adverse position is already within managers current plans to address. This includes the focus on reducing the financial pressure on staffing and, reducing costs in the two main areas of care, namely working age adults with complex needs and the older people's bed-based services. However, it should be noted that 2024/25 will be extremely challenging as the levels of demand and complexity as well as prices continue to put the adult social care budget under continued pressure.

Note: There will be a review focussing on the specific areas where there were major variances to see whether they are a one-off variance, or if there is an underlying budget variance that needs to be addressed in 2024/25. Findings will be reported at the next Adults and Health Committee meeting.

Adults and Health Committee

2. Corporate Grants Register

- 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 Spending in relation to specific use grants must be in line with the purpose for which it is provided.
- 3.3 The grant outturn position reflects the grant values that were used during the year. This may be different than the actual amount of grant received during the year. The remaining amounts from grants that are not used in full during 2023/24 are carried forward to meet expenditure in financial year

2024/25. The decrease in grants since the third review is due to the change in which year the grants will be used.

- 3.4 **Table 1** provides a detailed listing of all Adults & Health related grants, their movements between the reporting period and the treatment of the grant.
- 3.5 **Table 2** shows additional specific purpose grant allocations that have been received which are over £500,000 and up to £1m, and are for Committee approval.
- 3.6 **Table 3** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.
- 3.7 **Table 4** shows delegated decisions for additional general use grants previously named within the MTFS.

Table 1 – CORPORATE GRANTS REGISTER

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	Notes 2 - 5
ADULTS & HEALTH					
Specific Purpose (Held within Services)					
Additional Better Care (for Adult Social Care)	8,706	8,706	8,706	-0	
Local Authority Urgent and Emergency Care Support Fund	0	0	681	681 SRE	
Market Sustainability and Fair Cost of Care Fund	979	979	979	0	
Market Sustainability and Fair Cost of Care Fund - top-up	2,400	2,418	2,418	0	
Market Sustainability and Fair Cost of Care Fund - Workforce Element	0	2,206	2,206	0	
Traiblazer support funding - brought-forward	0	300	300	0	
Discharge Fund	1,200	1,221	1,221	0	
Multiply - Supported Employment	0	536	550	14 SRE	
Multiply - Supported Employment - carried-forward	0	0	-135	-135	
Supported Internship Grant	29	29	34	5 SRE	
Asylum Dispersal Scheme - brought-forward	0	0	60	60	
Asylum Dispersal Scheme	0	590	534	-56	
Asylum Dispersal Scheme - carried-forward	0	0	-344	-344	
Syrian Resettlement Programme - brought-forward	0	0	14	14	
Afghan - Wrap Around support - brought-forward	910	672	575	-97	
Afghan - Wrap Around support	0	0	546	546 SRE	
Afghan - Wrap Around support - carried-forward	0	0	-453	-453	
Afghan - Resettlement support - brought-forward	288	219	122	-96	
Afghan - Resettlement support	0	0	162	162 SRE	
Afghan - Resettlement support - carried-forward	0	0	-404	-404	
Afghan - Flexible Housing Funding	0	213	256	43	
Afghan - Integration Support	0	168	179	11	
Afghan - Integration Support - carried-forward	0	0	-89	-89	
Afghan - Homelessness Funding	0	27	27	0	
Afghan - Homeless Wrap Around Funding	0	18	25	7	
Afghan - Caseworker Tariff	0	36	36	0	
Homes for Ukraine Scheme - brought-forward	0	2,214	2,124	-90	
Homes for Ukraine Scheme	0	295	723	428 SRE	
Homes for Ukraine Scheme - carried-forward	0	0	-211	-211	
Private Finance Initiative (PFI) credits	4,125	4,125	2,836	-1,289	
Journey First and Parents First (originally provided by the European Social Fund but now DWP) - brought-forward	0	0	962	962	
Journey First and Parents First (originally provided by the European Social Fund but now DWP)	0	350	161	-189	
CQC review and assessment of LA functions for ASC 2023 to 2024	0	0	27	27 SRE	
International recruitment fund for the adult social care sector	0	0	52	52 SRE	
Total Adults & Health - Adult, Health & Integration - Specific Purpose	18,637	25,321	24,878	-443	

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24	2023/24	2023/24	2023/24	Notes 2 - 5
	£000	£000	£000	£000	
ADULTS & HEALTH					
Specific Purpose (Held within Services)					
Public Health Grant	17,405	17,972	17,972	0	
COVID-19 COMF & T&T - brought-forward	0	527	527	0	
CHAMPS Health Protection / COVID-19 Recovery Funding	0	27	27	0	
OHID SSMTR Supplementary Substance Misuse Treatment & Recovery Grant	353	354	354	0	
North West Probation Service funding for SMS rehabilitative and resettlement interventions	114	114	114	0	
CHAMPS Marmot Place Funding - encourage pregnant women to stop smoking - carried-forward in	0	22	0	-22	
CHAMPS SMS - inpatient detox	46	15	15	-0	
Reducing cardio-vascular disease in Cheshire East	0	0	6	6 SRE	
Reducing cardio-vascular disease in Cheshire East - carried-forward into 2024/25	0	0	-6	-6	
DHSC unclaimed funding - coded to PH until claimed	0	0	19	19	
Total Adults & Health - Public Health - Specific Purpose	17,918	19,030	19,027	-3	
General Use (Held Corporately)					
Social Care Support Grant (Adults)	12,426	12,426	12,426	-0	
Local Reform & Community Voices	207	207	208	1	
Social Care in Prisons	73	73	63	-10	
War Pension Scheme Disregard	60	60	58	-2	
Total Adults & Health - Public Health - General Use	12,766	12,766	12,754	-12	
TOTAL ADULTS & HEALTH	49,321	57,117	56,660	-457	

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.

Table 2 - COMMITTEE DECISION

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) over £500,000 up to £1,000,000

Committee	Year	Type of Grant	£000	Details
Adults and Health	2023/24	Local Authority Urgent and Emergency Care Support Fund (Specific Purpose)	681	This is a new grant from the Department for Levelling-Up, Housing and Communities (DLUHC). Provided to fund additional services and interventions which support urgent and emergency care performance and resilience over the 2023 to 2024 winter period.
Adults and Health	2023/24	Afghan Wrap Around support (Specific Purpose)	546	This grant is from the Home Office. Funding allocated by the Home Office to support Cheshire East with providing Afghan Wrap Around support to families.
Total Specific Purpose Allocations over £500,000 up to £1,000,000			1,227	

Table 3 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Adults and Health	2023/24	Multiply - Supported Employment (Specific Purpose)	14	This grant is from the Department for Education (DfE) and is an increase on the Financial Review 3 forecast. Multiply is a government-funded programme to help adults improve their numeracy skills.
Adults and Health	2023/24	Supported Internship Grant (Specific Purpose)	5	This grant is from the Department for Education (DfE) and is an increase on the Financial Review 3 forecast. Cheshire East was awarded additional funding in December 2023 following a successful grant bid. It is a contribution toward expenditure incurred on supporting young people holding Education Health and Care Plans. The interventions seek to develop skills in order that the young people can secure and sustain paid employment.
Adults and Health	2023/24	Afghan - Resettlement support (Specific Purpose)	162	This grant is from the Home Office. It is a financial contribution towards expenditure incurred through resettling people under the Afghan Citizens Resettlement Scheme (ACRS) and the Afghan Relocation and Assistance Policy.

Committee	Year	Type of Grant	£000	Details
Adults and Health	2023/24	Homes for Ukraine Scheme (Specific Purpose)	428	Increase on the Financial Review 3 forecast. This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). Funding at a rate of £5,950 per person, to provide support to families to rebuild their lives and fully integrate into communities.
Adults and Health	2023/24	CQC review and assessment of LA functions for ASC 2023 to 2024 (Specific Purpose)	27	This is a new grant from the Department for Health and Social Care. It is a non-repeating grant to provide support towards expenditure incurred by the new burden of LA's engaging with Care Quality Commission review and assessment for the first time.
Adults and Health	2023/24	International recruitment fund for the adult social care sector (Specific Purpose)	52	This is a new grant from the Department for Health and Social Care. The funding was provided to support recruitment within the adult social care sector.
Adults and Health – Public Health	2023/24	Reducing cardio-vascular disease in Cheshire East (Specific Purpose)	6	This is a new grant from the Cheshire and Merseyside Integrated Care Board. The grant has been made in order to allow work to take place that will contribute to reducing the level of cardio-vascular disease in Cheshire East.
Adults and Health – Public Health	2024/25	Local stop smoking services and support	432	This is a new grant from the Office for Health Improvement and Disparities. The purpose of this grant is to support to local authorities towards

Committee	Year	Type of Grant	£000	Details
		(Specific Purpose)		expenditure lawfully incurred or to be incurred by them in connection with the provision of local stop smoking services and support.
Total Specific Purpose Allocations less than £500,000			1,126	

Table 4 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (General Use) previously named in the MTFS.

Committee	Year	Type of Grant	£000	Details
				On 22 nd February 2023 Council delegated authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix C, Annex 7 of the MTFS.
Adults and Health	2024/25	Social Care Support Grant (Adults) (Specific Purpose)	14	Increase on the MTFS 2024-28 forecast. This grant is from the Department for Levelling-Up, Housing and Communities. The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred in respect of meeting adult and children's social care needs.
Total Delegated Decision Specific Purpose Allocations previously named in the MTFS			14	

3. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Adults and Health Committee		
Adults, Public Health and Communities	13,691	8,556

As at 31st March, Total Outstanding Debt was £13,691k. This is an increase from £12,212k at Third Financial Review. Debts over 6 months old have increased from £7,709k to £8,556k.

4. Capital Strategy

Table 1 Capital Programme

Adults & Health												CAPITAL	
CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Adults Services													
Community - Rural Shared Prosperity	413	0	81	332	0	0	413	413	0	0	0	0	413
Electronic Call Monitoring System	389	0	0	389	0	0	389	0	0	389	0	0	389
People Planner System	92	41	0	51	0	0	51	51	0	0	0	0	51
Replacement Care4CE Devices	95	65	2	28	0	0	30	30	0	0	0	0	30
Total Committed Schemes	989	106	83	800	0	0	883	494	0	389	0	0	883
Total Adults and Health Schemes	989	106	83	800	0	0	883	494	0	389	0	0	883

5. Reserves Strategy

Adults and Health Committee

Name of Reserve	Opening Balance 1 April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31 March 2024 £000	Notes
<u>Adult Social Care Operations</u>				
Adults Directorate	1,020	(1,020)	0	To support a number of widespread projects within the Adults and Health Directorate. Reserve to be drawn down in-year as per plan within the MTFs.
DOL's Assessments	125	(125)	0	Reserve will be exhausted by September 2023, creating an underlying staff budget pressure within the revenue budget.
<u>Adults Social Care Commissioning</u>				
PFI Equalisation - Extra Care Housing	2,795	63	2,858	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009, and the anticipated gap at the end of the agreement.
NHB Community Grants Staffing	132	(132)	0	Initially to support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects. NHB grant scheme has since ended and the reserve no longer required for this use - potential to return to support Council's overall position.
<u>Public Health</u>				
Public Health Reserve	3,010	(642)	2,368	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an Innovation Fund to support partners to deliver initiatives that tackle key health issues. Anticipated that the carry forward ringfenced grant will be spent across 2023/24 to 2026/27.
ADULTS AND HEALTH TOTAL	7,082	(1,856)	5,226	

Appendix 2: Children and Families Committee

Contents

1. 2023/24 Final Outturn and Commentary

2. Corporate Grants Register

Table 1: Children and Families Committee Grants

Table 2: Delegated Decision Additional Grant Funding (Specific Purpose) £500,000 or less

Table 3: Delegated Decision Additional Grant Funding (General Use) £500,000 or less

Table 4: Delegated Decision Additional Grant Funding (General Use) previously named in the
MTFS

3. Debt Management

4. Capital Strategy

Table 1: Capital Programme

Table 2: Delegated Decision - Supplementary Capital Estimates (SCEs) and Capital Budget
Virements

Table 3: Requests for Supplementary Capital Estimates (SCEs) and Virements for Committee
Approval

Table 4: Requests for Supplementary Capital Estimates (SCEs) and Virements for Finance Sub Committee Approval

5. Reserves Strategy

Appendix 2

Children and Families Committee

1. 2023/24 Final Outturn and Commentary

2023/24	Revised Budget (NET)	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	£000	£000	£000	£000	£000
Directorate	1,261	871	(390)	(159)	(231)
Children's Social Care	49,589	58,181	8,592	9,152	(560)
Strong Start, Family Help and Integration	7,166	6,182	(984)	(1,014)	30
Education & 14-19 Skills	23,857	24,885	1,028	2,018	(990)
Children's Services	81,873	90,119	8,246	9,997	(1,751)

Outturn Commentary:

The Children and Families outturn position is a £8.2m overspend, an improvement of £1.8m compared to the third review forecast of a £10.0m overspend. The service has focused on delivering the identified in-year mitigations and reducing spend further where possible, resulting in an improved outturn position. Use of grants has been maximised against eligible expenditure across the directorate; income has been maximised where possible; agency and locum costs have reduced as well as holding vacant posts; the number of cared for children reduced from 586 at the start of the year to 541 at the end, however the average number of children during the year remains high at 556.75 compared to an average of 539.75 in 2022/23.

Variance at Third Review	£m
	10.0
<i>Main Changes:</i>	
Drawdown of grant reserve in the directorate	-0.2
Reduced staffing and lower case reviews in Safeguarding	-0.1
Increase in recoveries for Direct Payments/ Early Help Independent Payments	-0.2

Reduced staffing costs in Children’s Social Care	-0.2
Reduced locums in Educational Psychologists	-0.2
Catering increased income	-0.1
Transport lower costs	-0.1
Holding vacancies, increased income and lower spend within Education	-0.6
Other	-0.1
Outturn Variance	8.2

Note: There will be a review focussing on the specific areas where there were major variances to see whether they are a one-off variance, or if there is an underlying budget variance that needs to be addressed in 2024/25. Findings will be reported at the next Children and Families Committee meeting.

The DSG overspend for the year was £31.7m compared to the DSG management plan forecast overspend of £42.7m. The improvement of £10.6m was mainly due to a lower level of growth at 13.5% compared to 19% within the management plan. The total DSG deficit is £78.652m at the end of 2023/24.

	£m
DSG Deficit Brought Forward	46.9
In-year DSG overspend	31.7
Total DSG deficit at end of 2023/24	78.6

Children and Families Committee

2. Corporate Grants Register

- 2.1 Cheshire East Council receives two main types of Government grants; specific purpose grants and general use grants. Specific purpose grants are held within the relevant service with a corresponding expenditure budget. Whereas general use grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 2.2 Spending in relation to specific purpose grants must be in line with the purpose for which it is provided.
- 2.3 **Table 1** provides a detailed listing of all Children and Families related grants, their movements between the reporting period and the treatment of the grant.
- 2.4 **Table 2** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.
- 2.5 **Table 3** shows additional general use grant allocations that have been received which are £500,000 or less and are for noting only.
- 2.6 **Table 4** shows Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (General Use) previously named in the MTFS.

Table 1 – CORPORATE GRANTS REGISTER

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	
CHILDREN & FAMILIES					
Specific Purpose (Held within Services)¹					
Dedicated Schools Grant	165,459	152,950	152,703	-247	
Pupil Premium Grant	4,500	4,958	4,923	-35	
Pupil Premium Plus - Post 16 Funding	0	56	56	0	
Sixth Forms Grant	2,729	2,892	2,883	-9	
Universal Infant Free School Meals (UIFSM)	1,732	1,928	1,926	-2	
Primary Physical Education Sports Grant	981	982	982	-0	
Teachers Pay Additional Grant	0	953	959	6	SRE
Teachers Pension Grant	0	111	112	1	SRE
COVID-19 Recovery Premium	0	900	742	-158	
School Led Tutoring Grant	0	295	288	-6	
School Improvement Monitoring & Brokering Grant - brought-forward	0	0	511	511	
School Improvement Monitoring & Brokering Grant - carried-forward	0	0	-364	-364	
Milk Subsidy	10	21	20	-1	
Schools' Supplementary Grant (Mainstream Schools Additional Grant)	2,548	2,543	2,543	0	
Senior Mental Health Lead Training Grant	0	2	16	13	SRE
Early Career Framework Grant	0	48	48	0	
S14 Experts and Mentors Programme Grant	0	7	15	8	SRE
Delivering Better Value in SEND	1,200	593	593	0	
Delivering Better Value in SEND - carried-forward	0	0	-475	-475	
Apprentice Incentive Scheme	0	2	0	-2	
Connect to the Classroom	0	3	0	-3	
National Professional Qualification Grant	0	10	10	0	
Early Years Supplementary Grant	0	1,262	1,261	-1	
Early Years Teachers Pay Additional Grant	0	87	87	0	
Mental Health Support / Return to Education Grant	0	0	21	21	SRE
Total Children & Families - Schools - Specific Purpose	179,159	170,603	169,861	-743	

Notes 2 - 5

Grants 2023/24	Original	Revised	Final	Change from	Treatment of
	Budget	Forecast	Outturn	Revised	Grant
	2023/24	2023/24	2023/24	Forecast FR3	
	£000	£000	£000	£000	Notes 2 - 5
Asylum Seekers	788	3,647	3,576	-71	
Supporting Families (previously Tackling Troubled Families)	0	384	366	-18	
Supporting Families (Payments by Results) Upfront Grant	719	720	720	0	
Reducing Parental Conflict Grant	0	48	43	-5	
Adoption Support Fund	28	70	54	-16	
KS2 Moderation & KS1 Phonics	11	11	11	-0	
Skills & Lifelong Learning	903	897	951	54 SRE	
Supporting Families; Investing in Practice programme (Mockingbird Family Model)	0	0	11	11 SRE	
Remand Grant	20	107	107	0	
Domestic Abuse Safe Accommodation Housing Grant - brought-forward	0	0	271	271	
Domestic Abuse Safe Accommodation Housing Grant	650	663	663	0	
Domestic Abuse Safe Accommodation Housing Grant - carried-forward	0	0	-149	-149	
Holiday Activities & Food Programme Grant	900	896	752	-145	
Extension of the Role of Virtual School Heads to children with a social worker Implementation	118	118	84	-34	
Afghanistan Resettlement (Education) Grants	0	0	177	177 SRE	
Homes for Ukraine, education and childcare elements - brought-forward	0	0	1,223	1,223	
Homes for Ukraine, education and childcare elements	0	31	31	0	
Household Support Fund - brought-forward	0	0	171	171	
Household Support Fund	4,400	4,400	4,364	-36	
Hong Kong UK Welcome Programme (British Nationals)	0	53	40	-13	
Early Years - Delivery Support Fund	0	82	11	-71	
Early Years - Wraparound Childcare Programme	0	11	11	0	
Early Years - Professional Development Programme	0	8	21	14 SRE	
Early Years - Experts and Mentors Programme	0	4	11	8 SRE	
Early Years - Childminder Programme	0	12	12	0	
Family Hubs Transformation Funding - brought-forward	0	0	281	281	
Family Hubs Transformation Funding	0	248	433	185 SRE	
Family Hubs Transformation Funding - carried-forward	0	0	-492	-492	
Leaving Care Allowance Uplift Implementation Grant (New Burdens)	0	72	72	0	
Staying Close Award	0	602	602	0	
Supported Accommodation New Burdens Grant	0	174	174	0	
Enhance Programme Funding	0	150	150	0	
Safeguarding Partnership Reform Funding	0	0	47	47 SRE	
Sales, Fees and Charges	0	0	33	33 SRE	
Police and Crime Commission High Risk, High Harm project	0	0	42	42 SRE	
Youth Support Grant	0	0	8	8 SRE	
Crimebeat	0	0	1	1 SRE	
Workforce Development Fund	0	0	51	51 SRE	
Total Children & Families - Children's Services - Specific Purpose	8,537	13,408	14,935	1,527	

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	Notes 2 - 5
General Use (Held Corporately)					
Social Care Support Grant (Children)	6,939	6,939	6,939	-0	
Staying Put Implementation Grant	0	130	130	0	
Extended Rights to Free Transport (Home to School Transport)	0	256	256	0	
Extended Personal Adviser Duty Implementation	0	57	57	0	
Extension of the role of Virtual School Heads	0	61	61	0	
Total Children & Families - General Use	6,939	7,443	7,443	-0	
TOTAL CHILDREN & FAMILIES	194,635	191,454	192,239	785	

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.

Table 2 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Children and Families - Schools	2023/24	Teachers Pay Additional Grant (Specific Purpose)	6	Increase on Financial Review 3 forecast. This grant is from the Department for Education (DfE). In July 2023, the ESFA announced £482.5 million for schools through the teachers' pay additional grant (TPAG) in 2023 to 2024 to support schools to meet the costs of the 2023 to 2024 teachers pay award.
Children and Families - Schools	2023/24	Teachers' Pension Grant (Specific Purpose)	1	Increase on Financial Review 3 forecast. This grant is from the Education & Skills Funding Agency (ESFA). The teachers' pension employer contribution grant (TPECG) supports schools and local authorities with the cost of the increase in employer contributions to the teachers' pension scheme. Local authorities must follow the terms and conditions set out in the conditions of grant.
Children and Families - Schools	2023/24	Senior Mental Health Lead Training Grant (Specific Purpose)	13	Increase on Financial Review 3 forecast. This grant is from the Department for Education (DfE). The Department for Education (DfE) is offering a grant of £1,200 for eligible state-funded schools and colleges in England to train a senior mental health lead to develop and implement a whole school or college approach to mental health and wellbeing. This training is not compulsory, but it is part of the government's commitment to offer this training to all eligible schools and colleges by 2025. Grants will be provided to cover (or

Committee	Year	Type of Grant	£000	Details
				contribute to) the cost of attending a quality assured course and may also be used to hire supply staff whilst leads are engaged in learning.
Children and Families - Schools	2023/24	S14 Experts and Mentors Programme Grant (Specific Purpose)	8	Increase on Financial Review 3 forecast. This grant is from the Department for Education (DfE) with the view of offering early years support, delivered either face to face or virtually, by trained experts and mentors. The experts and mentors programme was rolled out nationally across England from September 2022, covering academic years 2022 to 2023 and 2023 to 2024. The experts and mentors programme supports private, voluntary or independent (PVI) nursery settings, maintained nursery schools and school-based nurseries.
Children and Families - Schools	2023/24	Mental Health Support / Return to Education Grant (Specific Purpose)	21	This is a new grant from the Department for Education (DfE). To promote the importance of good mental health in schools and embed a whole school approach to help achieve this.
Children and Families – Children’s Services	2023/24	Skills & Lifelong Learning (Specific Purpose)	54	Increase of Financial Review 3 forecast. This grant is from the Department for Education (DfE). Aim of the grant is to engage adults and provide the skills and learning they need to progress into, or within, work.
Children and Families – Children’s Services	2023/24	Supporting Families; Investing in Practice programme (Mockingbird Family Model) (Specific Purpose)	11	This is a new grant from the Department for Education (DfE). The Mockingbird programme aims to replicate the support available through an extended family network via fostering families.

Committee	Year	Type of Grant	£000	Details
Children and Families – Children’s Services	2023/24	Afghanistan Resettlement (Education) Grants (Specific Purpose)	177	This is a new grant from the Department for Education (DfE). It provides financial assistance to local authorities, in the form of the Afghanistan Resettlement (Education) Grant.
Children and Families – Children’s Services	2023/24	Early Years - Professional Development Programme (Specific Purpose)	14	Increase of Financial Review 3 forecast. This grant is from the Department for Education (DfE). Funding has been awarded that will be used to enable settings to provide overtime payments or hire agency staff so that practitioners can attend training, and funding towards admin costs incurred by the local authorities in administering the programme.
Children and Families – Children’s Services	2023/24	Early Years - Experts and Mentors Programme (Specific Purpose)	8	Increase of Financial Review 3 forecast. This grant is from the Department for Education (DfE). The experts and mentors programme supports private, voluntary or independent (PVI) nursery settings, maintained nursery schools and school-based nurseries.
Children and Families – Children’s Services	2023/24	Family Hubs Transformation Funding (Specific Purpose)	185	Increase of Financial Review 3 forecast. This grant is from the Department for Education (DfE). The Department for Education (DfE) launched the £12 million family hubs transformation fund in November 2021 to support local authorities in England to open family hubs.
Children and Families – Children’s Services	2023/24	Safeguarding Partnership Reform Funding (Specific Purpose)	47	This grant is a new grant from the Department for Education (DfE). The Department for Education (DfE) is investing more than £7 million, over the next 2 years to support local areas. The funding is to support changes to multi agency safeguarding

Committee	Year	Type of Grant	£000	Details
				arrangements and build a shared understanding between agencies.
Children and Families – Children’s Services	2023/24	Sales, Fees and Charges (Specific Purpose)	33	This grant is a new grant from the Department for Levelling-up, Housing and Communities (DLUHC). Legacy payment received relating to reduced income during covid due to restrictions.
Children and Families – Children’s Services	2023/24	Police and Crime Commission High Risk, High Harm project (Specific Purpose)	42	This grant is a new grant from the Home Office via the Police and Crime Commission. The funding is for the High Risk, High Harm project tackling domestic abuse.
Children and Families – Children’s Services	2023/24	Youth Support Grant (Specific Purpose)	8	This grant is a new grant from Middlewich Town Council. It is funding for the delivery of a youth club.
Children and Families – Children’s Services	2023/24	Crimebeat (Specific Purpose)	1	This grant is a new grant from the Home Office via the Police and Crime Commission. The funding is towards Anti-Social Behaviour projects.
Children and Families – Children’s Services	2023/24	Workforce Development Fund (Specific Purpose)	51	This grant is a new grant from the Department of Health and Social Care. The grant is disseminated by Skills for Care. It supports the provision of high-quality care and the continuing professional development (CPD) of staff across the adult social care sector by providing a contribution towards the costs of vocational learning.
Total Specific Purpose Allocations less than £500,000			680	

Table 3 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (General Use) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Children and Families – Children’s Services	2024/25	Extended Rights to Free Transport (Home to School Transport) (General Use)	324	This funding is from the Department for Education. The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools further from home than the statutory walking distances. The funding is paid as a non-ring-fenced grant paid via the Department for Communities and Local Government under the Local Services Support Grant (section 31 of the Local Government Act 2003).
Total General Use Allocations less than £500,000			324	

Table 4 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (General Use) previously named in the MTFS

Committee	Year	Type of Grant	£000	Details
				On 22 nd February 2023 Council delegated authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix C, Annex 7 of the MTFS.
Children and Families – Children’s Services	2024/25	Social Care Support Grant (Children) (Specific Purpose)	8	Increase on the MTFS 2024-28 forecast. This grant is from the Department for Levelling-Up, Housing and Communities. The Social Care Grant is a grant provided to upper tier authorities for social care expenditure, on both adult and children’s social care. Additional funding was announced following the consultation on the provisional local government finance settlement which state it should be used where possible to invest in areas that help place children’s services on a sustainable financial footing.
Total Delegated Decision Specific Purpose Allocations previously named in the MTFS			8	

Children and Families Committee

3. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Children and Families Committee		
Children's Social Care (Incl. Directorate)	219	0
Prevention and Early Help	141	(5)
Schools	24	(1)
	384	(5)

As at 31st March 2024, the majority of outstanding debt is under six months old. There is some debt over six months, netted off by credit notes, resulting in a credit balance.

Children and Families Committee

4. Capital Strategy

Table 1 Capital Programme

Children and Families								CAPITAL					
CAPITAL PROGRAMME 2023/24-2026/27													
Scheme Description	Total Approved Budget £000	Forecast Expenditure					Total Forecast Budget 2023/27 £000	Forecast Funding					Total Funding £000
		Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Childrens Social Care													
Childcare Capital Expansion	749	0	0	749	0	0	749	749					749
Foster Carers Capacity Scheme	634	404	30	201	0	0	231					231	231
Crewe Youth Zone	4,826	395	0	3,331	1,100	0	4,431	2,231				2,200	4,431
Family Hubs Transformation	131	6	118	7	0	0	125	125					125
Children's Home Sufficiency Scheme	2,100	0	204	1,896	0	0	2,100					2,100	2,100
Strong Start, Family Help & Integration													
Beechwood Nursery Expansion	868	856	0	12	0	0	12					12	12
Early Years Sufficiency Capital Fund	1,036	913	30	93	0	0	123	123					123
Education and 14-19 Skills													
Adelaide Academy	904	39	17	848	0	0	865	695				170	865
Adelaide Heath Academy	120	0	120	0	0	0	120	120					120
Basic Need Grant Allocation	7,570	0	10	5,117	2,442	0	7,570	7,570					7,570
Brine Leas High School	701	1	4	696	0	0	700	700					700
Cledford House	100	0	11	89	0	0	100	100					100
Congleton Planning Area	4,521	639	3,882	0	0	0	3,882	1,688	1,833			361	3,882
Congleton Planning Area - Primary (1)	2,209	9	170	100	1,930	0	2,200	866	1,334				2,200
Congleton Planning Area - Primary (2)	628	66	507	55	0	0	562	562					562
Congleton Planning Area - Primary (3)	2,254	4	1	49	0	2,200	2,250	2,250					2,250
Devolved Formula Capital	1,892	0	360	893	330	310	1,892	1,886				7	1,892
Energy Efficiency Schemes	672	48	343	280	0	0	624	624					624
Expansion of Park Lane School (to expand 'in borough' SEN school placements)	4,628	4,610	18	0	0	0	18	4	14				18
Future Schemes - Feasibility Studies	250	0	25	225	0	0	250	250					250
Handforth Planning Area - New School	13,003	3	1	499	8,500	4,000	13,000	136	12,864				13,000
Holmes Chapel Secondary School	3,664	1,778	1,887	0	0	0	1,887	1,644	243				1,887
Little Angels Satellite Sites	29	3	18	8	0	0	26	26					26
Macclesfield Academy Resource Provision	103	3	0	100	0	0	100	100					100
Macclesfield Planning Area - secondary	1,163	1,113	35	15	0	0	50		50				50

CAPITAL PROGRAMME 2023/24-2026/27

Scheme Description	Total Approved Budget £000	Forecast Expenditure					Total Forecast Budget 2023/27 £000	Forecast Funding					Total Funding £000
		Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Macclesfield Planning Area - Secondary New	1,031	3	3	1,025	0	0	1,028	1,028					1,028
Macclesfield Planning Area - New School	1	1	0	0	0	0	0						0
Malbank High School	1,922	1,861	36	25	0	0	61	61					61
Mobberley Primary School	1,208	23	12	1,172	0	0	1,185	885			300		1,185
Monks Coppenhall SEN Expansion	123	142	-20	0	0	0	-20	-20					-20
Nantwich Planning Area (Primary)	9,061	515	218	7,328	1,000	0	8,546	5,526	3,020				8,546
Oakfield Lodge & Stables	50	0	12	38	0	0	50	50					50
Poynton Planning Area	1,500	0	13	487	1,000	0	1,500	697	803				1,500
Provision of Sufficient School Places - SEND	7,182	293	3,568	3,322	0	0	6,890	1,361				5,528	6,890
Puss Bank SEN Expansion	532	509	11	12	0	0	23					23	23
Provision of SEN Unit - Wistaston Primary School	1,506	6	163	1,337	0	0	1,500	1,200				300	1,500
Sandbach Boys School	20	0	20	0	0	0	20	20					20
Sandbach High School - Basic Need	1,767	1,773	-6	0	0	0	-6	-6					-6
Sandbach Boys School - Basic Need	1,710	1,703	8	0	0	0	8	8					8
Sandbach Primary Academy	1,583	0	106	1,477	0	0	1,583	1,583					1,583
Sandbach Planning Area (secondary - 300 places)	4	4	0	0	0	0	0						0
School Condition Capital Grant	7,874	789	265	2,820	2,000	2,000	7,085	7,085					7,085
SEN Free School 1	1	0	1	0	0	0	1	1					1
SEN Free School 2	1	0	1	0	0	0	1	1					1
SEN Placement Expn - Phase 2	4	4	0	0	0	0	0						0
Sen/High Needs Grant Allocation	5,379	158	10	5,211	0	0	5,222	5,222					5,222
Shavington Planning Area - Primary	8,040	131	25	625	5,000	2,259	7,909	5,549	2,360				7,909
Shavington Planning Area - Secondary	3,506	168	2,715	623	0	0	3,339	3,339					3,339
Special Provision Fund Capital Grant	722	603	29	91	0	0	119	113		6			119
Springfield Satellite Site (Dean Row)	6,112	807	5,127	178	0	0	5,305	4,505				800	5,305
The Dingle Primary School Expansion	1,395	67	1,068	260	0	0	1,328	1,328					1,328
Tytherington High School	2,500	0	172	28	2,300	0	2,500	2,500					2,500
Various SEN Sites - Small Works/Adaptations	150	0	0	150	0	0	150	150					150
Whelock Primary School	2,411	11	190	2,210	0	0	2,400	1,890	510				2,400
Wilmslow High School BN	14,179	4,923	7,431	1,825	0	0	9,256	7,237	1,971			48	9,256
Wilmslow Primary Planning Area	626	1	0	625	0	0	625	125	500				625
Total Committed Schemes	136,857	25,383	28,967	46,135	25,602	10,769	111,473	73,884	25,502	6	300	11,781	111,473
New Schemes													
Education and 14-19 Skills													
HNPCF - Safety Valve Capital Schemes	16,000	0	0	8,000	6,500	1,500	16,000	16,000					16,000
HNPCF - 2024 allocation	1,125	0	0	1,125	0	0	1,125	1,125					1,125
SEN Free School (previously 1 & 2)	998	0	0	998	0	0	998	998					998
Total New Schemes	18,123	0	0	10,123	6,500	1,500	18,123	18,123	0	0	0	0	18,123
Total Children and Families Schemes	154,980	25,383	28,967	56,258	32,102	12,269	129,596	92,008	25,502	6	300	11,781	129,596

Table 2: Delegated Decision - Supplementary Capital Estimates (SCEs) and Capital Budget Virements

Committee / Capital Scheme	Amount Requested	Reason and Funding Source
	£	
Supplementary Capital Estimates that have been made up to £500,000		
Children and Families		
School Condition Grant	402,082	MTFS Capital included £2,000,000 estimate for 24-25 School Condition Grant. This has confirmed to be £2,402,082, an additional £402,802.
Total Supplementary Capital Estimates Requested	402,082	

Service / Capital Scheme	Amount Requested	Reason and Funding Source
	£	
Capital Budget Virements that have been made up to £500,000		
Children & Families		
Education and 14-19 Skills		
Adelaide Academy	50,000	Virement form High Needs Funding 24-25 to increase current scheme to allow for additional SEN places
SEN New Free School - Westfields site	498,895	Virement from SEN Free School 1 to Westfields SEN New Free School project

Service / Capital Scheme	Amount Requested	Reason and Funding Source
SEN New Free School - Westfields site	499,200	Virement from SEN Free School 2 to Westfields SEN New Free School project
PSDS Schemes	167,777	Additional virement from School Condition Grant to Facilities Management to match fund PSDS schemes
Mobberley Primary School	250,000	Virement from High Needs Funding 24-25 to named project
School Condition projects	12,821	Virements to three school condition projects at outturn to cover additional costs to completion
High Needs projects	19,377	Funds to be returned to High Needs on closure of project
Congleton planning area	50,620	Virement from Basic Needs to support balance of costs on completion of project
Park Lane Expansion	18,000	Virement of surplus Special Provision Grant and s106 on completion of two projects to Park Lane expansion project to cover balance of costs on completion
Basic Need projects	31,880	Virements on completion of 3 projects to match in year spend with balance being returned to Basic Need
Total Capital Budget Virements Approved	1,598,570	
Total Supplementary Capital Estimates and Virements	2,000,652	

Table 3: Requests for Supplementary Capital Estimates (SCEs) and Virements for Committee Approval

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Supplementary Capital Estimates above £500,000 up to and including £1,000,000		
Children & Families		
Total Supplementary Capital Estimates Requested		-
Capital Budget Virements above £500,000 up to and including £5,000,000		
Education and 14-19 Skills		
Springfield Satellite Site (Dean Row)	594,989	Public Sector Decarbonisation works in connection to Dean Row part of a large scheme, necessitating the transfer of the relevant budget and grant.
HNPCF - 2024 allocation	1,125,000	Virement from High Needs Funding 24-25 to new capital projects
Nantwich Planning area	1,200,000	Virement from Basic Needs Funding 24-25 to increase budget for new Nantwich primary school
School condition projects	1,167,201	Virement from Childrens to Facilities Management for 24-25 school condition projects to be undertaken by Facilities Management
Total Capital Virements requested		4,087,190
Total Supplementary Capital Estimates and Virements		4,087,190

Table 4: Requests for Supplementary Capital Estimates (SCEs) and Virements For Finance Sub Committee Approval

Committee	Amount Requested £	Reason and Funding Source
Finance Sub Committee are to approve the Capital Virements and SCEs		
Supplementary Capital SCEs over £1,000,000		
Education and 14-19 Skills		
Safety Valve High Needs Funding allocation 24-25	16,574,250	Additional funding awarded to support SEN capital schemes as part of Safety Value support from DFE
Additional High Needs allocation for 23-24	4,125,537	Additional High Needs Capital funding awarded by DFE for 23-24 in March 24 not included within the MTFS
High Needs allocation for 24-25	1,677,718	New High Needs Capital funding awarded by DFE for 24-25 in March 24 not included in the MTFS
Total Supplementary Capital Estimates Requested	22,377,505	
Supplementary Capital Virements over £5,000,000		
Education and 14-19 Skills		
HNPCF - Safety Valve Capital Schemes	16,000,000	Virement from Safety Valve High Needs Funding to the specified capital projects approved within the funding allocation.
Total Supplementary Capital Virements Requested	16,000,000	
Total Supplementary Capital Estimates and Virements	38,377,505	

Children and Families Committee

5. Reserves Strategy

Children and Families Committee

Name of Reserve	Opening Balance 1 April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31 March 2024 £000	Notes
<u>Directorate</u>				
Childrens Directorate - Transformation Funding	779	(779)	0	Budgeted drawdowns as per MTFS 2023-27.
Childrens Directorate - C&F ED	422	(422)	0	Budgeted drawdowns as per MTFS 2023-27.
<u>Childrens Social Care</u>				
Domestic Abuse Partnership	146	(15)	131	To sustain preventative services to vulnerable people as a result of partnership funding in previous years. Reserve is partnership funded, so balance is ringfenced or returned to partners.
<u>Strong Start, Family Help and Integration</u>				
Troubled Fams Initiative	1,949	(356)	1,593	Crewe Youth Zone and ACT have been assigned funding from shared outcomes of the Supporting Families Programme.
Public Sector Transformation – contribution to Early Youth Inclusion Fund	57	(57)	0	Revenue grant carried forward, to be fully utilised in year.
Complex Dependencies	21	(21)	0	Revenue grant carried forward, to be fully utilised in year.
CHILDREN AND FAMILIES TOTAL	3,374	(1,650)	1,724	

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is ring-fenced funding received for: schools; high needs / special educational needs; and early years provision. In recent years there has been a pressure on the DSG high needs block where funding has not kept pace with the increasing numbers and cost of children with an education, health and care plan (EHCP). This has created a deficit DSG reserve balance which is held in an unusable reserve. The on-going pressure is regularly reviewed; the in-year deficit of £31.7m has increased the overall position to a deficit of £78.6m at the end of 2023/24. This was an improvement on the forecast due to a lower EHCP growth rate. The in-year deficit in 2024/25 is currently forecast at £51.3m, increasing the total deficit balance to £129.9m.

Dedicated Schools Grant Deficit	£m
Deficit Balance B/F	46.9
Additional In-year Pressures	31.7
Deficit Balance at 31st March 2024	78.6

Appendix 3: Corporate Policy Committee

Contents

1. 2023/24 Final Outturn and Commentary

2. Corporate Grants Register

Table 1: Corporate Policy Committee Grants

Table 2: Delegated Decision Additional Grant Funding (Specific Purpose) £500,000 or less

Table 3: Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (General Use) £500,000 or less

Table 4: Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) previously named in the MTFS

3. Debt Management

4. Capital Strategy

Table 1: Capital Programme

Table 2: Delegated Decision – Supplementary Capital Estimates (SCEs) and Capital Budget Virements

5. Reserves Strategy

Appendix 3

Corporate Policy Committee

1.2023/24 Final Outturn and Commentary

2023/24	Revised Budget (NET)	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	£000	£000	£000	£000	£000
Directorate	846	310	(536)	(263)	(273)
Finance & Customer Services	13,645	12,988	(657)	(190)	(467)
Governance & Compliance Services	10,431	9,509	(922)	(374)	(548)
Communications	690	671	(19)	7	(26)
HR	2,587	2,131	(456)	(350)	(106)
ICT	11,605	9,710	(1,895)	279	(2,174)
Policy & Change	2,055	1,995	(60)	(82)	22
Corporate Services	41,859	37,314	(4,545)	(973)	(3,572)

Outturn Commentary

Overall Corporate services is reporting an underspend of £4.5m at outturn against a budget of £42m.

Key issues include the saving from the MARs 2023/24 scheme where staff have left, significant vacancy management, reductions in spend and increased income. This is an improvement of £3.6m over the figures reported at the Third Financial Review. A key reason for that variance is ICT expenditure being less than expected.

Key issues include:

Corporate (Directorate): -£0.5m underspend

Key issues relate to vacancy management for senior posts -£0.2m; the budgets removed from service areas in Corporate as a result of Mars savings in 2023/24 -£0.3m. The Mars changes were made after third review giving the £0.3m improvement on this line.

Finance and Customer Service: -£0.7m underspend

Key issues relate to pressures in Customer Service Centres £0.1m offset by savings through increasing income, vacancy management and additional grants in Revenues and Benefits -£0.7m and Finance and Procurement -£0.1m. The position has improved by £0.5m since the third review from one-off rebates -£0.2m and increased income -£0.3m, both in Finance and Revenues and Benefits.

Governance and Compliance: -£0.9m underspend

Key issues relate to underspends in:

- Audit and Risk -£0.3m from increasing income and vacancy management.
- Democratic and Governance Services -£0.6m from: reduced member allowances (including not paying special responsibility allowances for multiple roles and not applying the pay award); increased registration income and reduced transport spend.

This is a £0.5m improvement from third review as a result of: Registration Services income -£0.15m; prudent forecasting; Civic Office increased income /coroner's service lower spend -£0.1m; and Elections -£0.17m of reduced spend.

Human Resources: -£0.5m underspend

Key issues: lower spending from central training budget and no spend on organisational development budget. The position has improved by £0.1m since third review through further non-essential spend reductions.

ICT -£1.9m underspend

Key issues: savings have been achieved through the Gemini Programme but the impact (alongside CEBERT recruitment restrictions) has resulted in a reassessment of planned projects and delays in commissioned work. This has led to unmet income targets and lower than anticipated contractual spend.

Contract costs within the Shared Service were lower than expected. This was due to lower than budgeted expenditure on the Next Generation Cheshire LAN/WAN and supplier issues leading to the delayed contract renewal of the cloud management solution and lower usage of Bulk SMS services.

The Strategy position reflected areas where contracts came in under budget, partly due to the timing of the Digital contract (which is now a 2024/25 cost), a reduction in replacement hardware kit and lower use of offsite storage.

This is a £2.2m improvement from third review as a result of lower than anticipated contract spend -£1.6m, timing of Digital project costs in year -£0.2m, charging additional staff costs to capital -£0.2m and reduced Gemini project spend -£0.1m.

Note: There will be a review focussing on the specific areas where there were major variances to see whether they are a one-off variance, or if there is an underlying budget variance that needs to be addressed in 2024/25. Findings will be reported at the next Corporate Policy Committee meeting.

Corporate Policy Committee

2. Corporate Grants Register

- 3.8 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.
- 3.9 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

- 3.10 **Table 1** provides a detailed listing of all Corporate Policy related grants, their movements between the reporting period and the treatment of the grant.
- 3.11 **Table 2** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.
- 3.12 **Table 3** shows additional general use grant allocations that have been received which are £500,000 or less and are for noting only.
- 3.13 **Table 4** shows delegated decisions for additional general use grants previously named within the MTFS.

Table 1 – CORPORATE GRANTS REGISTER

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	Notes 2 - 5
CORPORATE POLICY					
Specific Purpose (Held within Services)					
Revenues and Housing Benefits:					
Housing Benefit Subsidy	46,652	53,221	54,186	965	SRE
Discretionary Housing Payments Grant	314	349	349	-0	
Housing Benefit (HB) Award Accuracy Initiative	29	30	30	0	
LADS - VEP (RTI) funding	24	21	21	-0	
LADS - Internet Protocol Access	0	1	0	-1	
New Burdens: Universal Credit, maintenance & natural migration	8	8	8	0	
LADS - New Burdens - Discretionary Housing Payments (DHP)	0	60	60	0	
LADS - New Burdens - Benefit Cap	0	1	1	0	
LADS - New Burdens - Welfare Reform Changes (S4/2022)	62	0	0	0	
LADS - New Burdens - Single Fraud Investigation	0	1	1	0	
LADS - New Burdens - Single Housing Benefit Extract Automation	5	16	16	-0	
LADS - New Burdens - Changes to Universal Credit Stop Notice	0	1	1	-0	
LADS - New Burdens - Supported & Temporary Accommodation Change Request	2	0	0	0	
LADS - New Burdens - Supported & Temporary Accommodation	5	0	18	18	SRE
Incapacity Benefit Reassessment (S5/2022)	2	0	0	0	
Council Tax Rebate Scheme - New Burdens on Account Payment	0	94	0	-94	
Energy Bills Support Scheme Alternative Funding	0	325	69	-257	
Energy Bills Support Scheme Admin / Staffing costs of administering grant	0	0	69	69	SRE
Energy Bills Support Scheme Admin / Staffing costs of administering grant - carried forward	0	0	-28	-28	
Democratic Services:					
Police and Crime Commissioner's Panel grant	65	65	65	0	
Electoral Integrity Programme - New Burdens (Voter ID)	132	132	225	93	SRE
Electoral Integrity Programme - New Burdens (Postal Votes)	0	8	0	-8	
Policy and Change:					
Funding for Local Authority for Adult Social Care	0	0	10	10	SRE
Human Resources:					
Skills for Care	0	0	5	5	SRE
Total Corporate Policy - Specific Purposes	47,300	54,334	55,105	771	

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	<i>Notes 2 - 5</i>
CORPORATE POLICY					
General Use (Held Corporately)					
Revenue Support Grant	388	388	388	0	
Housing Benefit Administration Subsidy	626	741	741	0	
NNDR Administration Allowance	587	578	578	0	
New Homes Bonus	3,794	3,794	3,794	0	
Services Grant	1,720	1,720	1,720	0	
Council Tax Support Fund	0	521	0	-521	Reserves
Council Tax Support New Burdens	0	25	25	0	
Local Government Transparency Code	0	0	13	13	SRE
Debt Charges (Ministry of Justice)	0	0	40	40	
Business Rates Reliefs Compensation Grant 2023/24	0	21,039	11,149	-9,890	Reserves
Total Corporate Policy - General Use	7,115	28,807	18,449	-10,358	
TOTAL CORPORATE POLICY	54,415	83,140	73,553	-9,587	

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.

Table 2 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Corporate Policy	2023/24	Energy Bills Support Scheme Admin / Staffing costs of administering grant (Specific Purpose)	69	This is a new grant from the Department for Energy Security and Net Zero. This is New Burdens funding to recompense the Authority for resource used in the administration of Alternative Fuel payments.
Corporate Policy	2023/24	Funding for Local Authority for Adult Social Care (Specific Purpose)	10	This is a grant from the Department of Health and Social Care. This grant is primarily related to all the additional work that is required to produce the Client Level Data (CLD) set on a quarterly basis and the proposed changes for the SALT adults social care return. The Business Intelligence team in corporate service has already completed preparatory towards the proposed changes. Cheshire East have been submitting CLD on a voluntary basis over the last 12 months.
Corporate Policy	2023/24	Skills for Care (Specific Purpose)	5	This is a new grant from the Workforce Development Fund (WDF). It consists of funding from the Department of Health and Social Care (DHSC) disseminated by Skills for Care. It aims to ensure that care staff have the appropriate skills and qualifications for their roles.
Total Specific Purpose Allocations less than £500,000			84	

Table 3 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (General Use) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Corporate Policy	2023/24	Local Government Transparency Code (General Use)	13	This grant is from the Department for Levelling Up, Housing and Communities. New burdens in relation to the Council's obligation to publish information in line with the Government's Transparency Code 2014. This grant has been received since the requirements came into effect but has not been allocated to Compliance and Customer Relations.
Corporate Policy	2024/25	Electoral Integrity New Burdens (General Use)	26	Grant relates to financial year 2024/25. This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). The purpose of the grant is to provide support to local authorities towards expenditure lawfully incurred or to be incurred by them in the implementation of the Elections Act 2022. The changes are being implemented by the Electoral Services Team and this funding needs to be allocated to the relevant cost code within that service to ensure the changes can be implemented and the requirements of the legislation met.
Total General Use Allocations less than £500,000			39	

Table 4 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) previously named in the MTFS

Committee	Year	Type of Grant	£000	Details
				On 22 nd February 2023 Council delegated authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix C, Annex 7 of the MTFS.
Corporate Policy	2023/24	Housing Benefit Subsidy (Specific Purpose)	965	Increase on MTFS 2023-27 estimate and Financial Review 3 revised forecast. This grant is from the Department for Work and Pensions. Payment of claims administration within Housing Benefits.
Corporate Policy	2023/24	LADS - New Burdens - Supported & Temporary Accommodation (Specific Purpose)	13	Increase on MTFS 2023-27 estimate. This grant is from the Department for Work and Pensions and is intended to meet costs incurred by LAs to undertake a fully desk-based review of their HB stock cases to ensure, where appropriate, the correct supported housing or temporary accommodation marker is recorded.
Corporate Policy	2023/24	Electoral Integrity Programme - New Burdens (Voter ID) (Specific Purpose)	93	Increase on MTFS 2023-27 estimate. This grant is from the Department for Levelling-Up, Housing and Communities (DLUHC). The grant is intended to meet the additional costs of the Elections Act which will introduce a suite of measures to improve the integrity of the electoral system - this

Committee	Year	Type of Grant	£000	Details
				will include policies such as requiring photographic identification at polling stations and improvements to accessibility for disabled voters.
Total Delegated Decision Specific Purpose Allocations previously named in the MTFS			1,071	

3. Debt Management

	Outstanding	
	Debt £000	Over 6 months old £000
Corporate Policy Committee		
Finance and Customer Services	111	73
Governance and Compliance	20	1
Human Resources	3	-
ICT	184	1
	318	75

Total outstanding debt has increased from £275k at Third Financial Review to £318k at 31st March 2024. Debt over 6 months old has increased from £57k to £75k.

4. Capital Strategy

Table 1 Capital Programme

Corporate Policy								CAPITAL					
CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress													
ICT Services													
Care Act Phase 2	6,314	4,130	469	1,715	0	0	2,184	0	0	0	0	2,184	2,184
Digital Customer - Delivery Programme Phase 1	252	129	123	0	0	0	123	0	0	0	0	123	123
Digital Customer Enablement	2,872	1,010	1,414	448	0	0	1,862	0	0	0	0	1,862	1,862
ICT Device Replacement	1,912	453	230	1,229	0	0	1,459	0	0	459	0	1,000	1,459
IADM (Information Assurance and Data Management)	19,465	15,183	1,238	1,644	1,400	0	4,282	0	0	0	0	4,282	4,282
Infrastructure Investment Programme (IIP)	36,326	30,068	997	2,627	1,804	830	6,258	0	0	0	0	6,258	6,258
Unified Communications Project	1,251	1,008	243	0	0	0	243	0	0	0	0	243	243
Vendor Management	1,006	743	21	241	0	0	263	0	0	0	0	263	263
Finance & Customer Services													
Core Financials	11,317	8,813	552	957	698	297	2,504	0	0	0	0	2,504	2,504
Strategic Capital Projects	17,278	8,578	176	4,827	2,300	1,397	8,700	0	0	0	0	8,700	8,700
Vendor Management - Phase 2	320	19	5	0	296	0	301	0	0	0	0	301	301
Total Committed Schemes	98,313	70,134	5,468	13,689	6,498	2,524	28,179	0	0	459	0	27,720	28,179
New Schemes													
ICT Services													
ICT Hybrid Model	1,553	0	445	1,108	0	0	1,553	0	0	0	0	1,553	1,553
Total New Schemes	0	0	445	1,108	0	0	1,553	0	0	0	0	1,553	1,553
Total Corporate Policy	98,313	70,134	5,913	14,797	6,498	2,524	29,731	0	0	459	0	29,272	29,731

Table 2 Delegated Decision - Supplementary Capital Estimates (SCEs) and Capital Budget Virements

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Capital Budget Virements that have been made up to £500,000		
ICT		
Digital Customer - Delivery Programme Phase 1	2,000	Virement from the Digital Customer Enablement project to cover in-year expenditure as there was insufficient budget to cover all the costs. The scheme is now complete.
Unified Communications Project	44,955	Virement from the Infrastructure Investment Programme (IIP) to cover in-year expenditure as there was insufficient budget to cover all the costs. The scheme is now complete.
Total Capital Budget Virements Approved		46,955
Total Supplementary Capital Estimates and Virements		46,955

5. Reserves Strategy

Corporate Policy Committee

Name of Reserve	Opening Balance 1 April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31 March 2024 £000	Notes
<u>Directorate</u>				
Corporate Directorate	1,356	(192)	1,164	To support a number of widespread projects within the Corporate Directorate.
<u>Finance and Customer Services</u>				
Collection Fund Management	17,819	(9,665)	8,154	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Capital Financing Reserve	12,886	(8,355)	4,531	To provide for financing of capital schemes, other projects and initiatives.
MTFS Reserve	5,147	(2,234)	2,913	To support the financial strategy and risk management.
Section 151 Revenue Grants	558	(544)	14	Unspent specific use grant carried forward into 2023/24.
<u>Governance and Compliance</u>				
Insurance Reserve - Cheshire County Fund	4,976	(1,877)	3,099	To settle insurance claims and manage excess costs. To be reviewed by service, but reserve cannot be given up.
Elections General	640	(508)	132	To provide funds for Election costs every 4 years.
Brexit Funding	13	0	13	To be reviewed.
<u>Human Resources</u>				
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	59	0	59	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Pay Structure (M Grade Review)	306	(252)	54	This scheme has now come to an end and the balance can be returned to General Fund.
<u>Policy and Change</u>				
Brighter Future Transformation Programme	1,789	(1,299)	490	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
<u>ICT</u>				
Digital Solutions Architect	0	150	150	To fund a role for the Digital Customer Enablement programme and will be key to realising the cost savings and efficiencies across the Council from the deployment of a number of digital initiatives.
CORPORATE POLICY TOTAL	45,549	(24,776)	20,773	

Appendix 4: Economy and Growth Committee

Contents

1. 2023/24 Final Outturn and Commentary

2. Corporate Grants Register

Table 1: Economy and Growth Committee Grants

Table 2: Delegated Decision Additional Grant Funding (Specific Purpose) £500,000 or less

Table 3: Delegated Decision Additional Grant Funding (General Use) previously named in the MTFS

3. Debt Management

4. Capital Strategy

Table 1: Capital Programme

Table 2: Delegated Decision – Supplementary Capital Estimates (SCEs) and Capital Budget Virements

5. Reserves Strategy

Appendix 4

Economy and Growth Committee

1.2023/24 Final Outturn and Commentary

2023/24	Revised Budget (NET)	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	£000	£000	£000	£000	£000
Directorate	637	432	(205)	(205)	-
Growth & Enterprise	24,214	19,955	(4,259)	(2,614)	(1,645)

Outturn Commentary

Place Outturn 2023/24

Overall the Place Directorate is reporting an underspend of £3.6m at outturn against a £94.1m budget. Pressures from planning income, waste, car park income and energy have been managed through vacancy management and reducing expenditure. This is an improvement of £3.7m since the third financial review mainly as a result of use of reserves and additional income.

Economy & Growth Committee

Growth and Enterprise Directorate and Place Directorate have an underspend of £4.5m against a net budget of £24.8m. This is an improvement of £1.6m from the third finance review.

The key reasons for the underspend are:

Assets Service: -£0.3m underspend

- Underlying issues relating to historic MTFs items that cannot be delivered £59k, reduced income levels on tenancy £17k and additional consultant costs £62k that cannot be recharged.
- Temporary mitigations include a one-off business rate rebate of -£108k plus stopping all non-essential spending saving -£57k, holding vacancies -£230k and an overachievement by property projects on their income budget -£82k.
-

This is an improvement of £0.2m from the third finance review with key differences relating to:

- The end of year alignment of recharges of costs to other services -£0.1m, the projects income, better performance of portfolio income than been forecast, lower water costs than forecast and further staff underspends due to interim arrangements and vacancies.

Facilities Management -£1.7m underspend

- Underlying issues relating to: additional spend on responsive maintenance +£962k (offset by a reduction in planned maintenance -£545k); savings from the 2023/24 “Review of Buildings and Estates Transformation” item not being fully implemented +£174k; under-recovery on cleaning recharges +£65k; and supplies and services pressures +£98k.
- Temporary mitigations include lower spend on electricity and gas -£767k; vacancy management and interim arrangements -£296k, water savings of -£106k due to lower usage and a reduced level of business rates due to prior year appeals -£1,190k. There has also been a reduction in non-essential spend of £29k and unbudgeted income received of £68k.

This is an improvement of £0.6m from the third finance review with key differences relating to:

- The service prioritised reactive maintenance over planned -£545k.

Economic Development: -£1.1m underspend

- Mainly temporary issues relating to: vacancy management and travel -£259k; additional recharges to capital -£209k; transfer of budget to the Place restructuring saving -£36k; recharges to Shared Prosperity Fund -£181k; saving on supplies & services -£246k; and release of reserves £249k.

This is an improvement of £0.4m from the third finance review with key differences relating to:

- A higher level of recharge to Shared Prosperity of -£350k by including all valid costs.

Housing: -£0.6m underspend

- Mainly temporary issues relating to: vacancy management -£219k; fully utilising grants within Homelessness & Housing Options -£216k; Private Sector Housing increased income -£33k; higher than budgeted recharges to capital -£84k; and reduced supplies and services spend -£29k.

This is an improvement of £0.1m from the third finance review.

Note: There will be a review focussing on the specific areas where there were major variances to see whether they are a one-off variance, or if there is an underlying budget variance that needs to be addressed in 2024/25. Findings will be reported at the next Economy and Growth Committee meeting.

Economy and Growth Committee

2. Corporate Grants Register

3.14 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.

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

3.16 **Table 1** provides a detailed listing of all Economy & Growth related grants, their movements between the reporting period and the treatment of the grant.

3.17 **Table 2** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.

3.18 **Table 3** shows delegated decisions for additional specific purpose grants previously named within the MTFS.

Table 1 – CORPORATE GRANTS REGISTER

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	Notes 2 - 5
ECONOMY & GROWTH					
Specific Purpose (Held within Services)					
Rough Sleeping Initiative - brought-forward	0	0	113	113	
Rough Sleeping Initiative	0	319	237	-82	
Rough Sleeping Initiative - carried-forward	0	0	10	10	
Rough Sleeper Initiative: Target Group Priority Funding	0	15	15	0	
Rough Sleeper Initiative: Move on Prevention	0	0	62	62 SRE	
Homelessness Prevention Grant - brought-forward	0	0	1,032	1,032	
Homelessness Prevention Grant	0	608	608	0	
Homelessness Prevention Grant - carried-forward	0	0	1,029	1,029	
Homelessness Prevention Grant: Homes for Ukraine top-up 2023/24	0	422	422	0	
Shared Prosperity Fund - brought-forward	0	1,119	1,166	47	
Shared Prosperity Fund	0	2,412	2,262	-150	
Shared Prosperity Fund - carried-forward	0	0	-1,065	-1,065	
LRSG/RESTART Grants - brought-forward	0	0	112	112	
Local Enterprise Partnership (LEP): Core Funding	375	250	250	0	
Local Enterprise Partnership (LEP): Growth Hub Funding	231	261	261	0	
Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11	500	500	589	89 SRE	
Local Enterprise Partnership (LEP): Skills Bootcamp	1,500	1,355	606	-749	
Towns Fund - Ice Cream Van	0	15	15	0	
Towns Fund - Ice Cream Van - carried-forward	0	0	-15	-15	
Natural England - Stewardship scheme	0	0	64	64 SRE	
Natural England - Stewardship scheme - carried forward	0	0	-32	-32	
COVID-19 Final SFC 2020-21 Claim Post Assurance Compensation	0	0	49	49 SRE	
Total Economy & Growth - Specific Purpose	2,606	7,275	7,790	515	
General Use (Held Corporately)					
TOTAL ECONOMY & GROWTH	2,606	7,275	7,790	515	

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.

Table 2 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Economy & Growth	2023/24	Rough Sleeper Initiative: Move on Prevention (Specific Purpose)	62	This is a new grant from the Department for Levelling Up, Housing and Communities (DLUHC). The purpose is to immediately intervene in, prevent and reduce rough sleeping in 2023/24.
Economy & Growth	2023/24	Natural England - Stewardship scheme (Specific Purpose)	64	This is a new grant from Natural England / Rural Payments Agency. The Countryside Stewardship Grant has been a part of both Tatton Park and Countryside Management for over 10 years. A new agreement came into force from the 1st October 2023 immediately on the ending of the previous 10 year agreement. This new agreement is for 5 years. The Countryside Stewardship (CS) schemes provide funding to farmers and land managers to improve their local environment. CS supports a range of enhanced environmental outcomes from restoring wildlife habitats and creating woodlands, to managing flood risk.
Economy & Growth	2023/24	COVID-19 Final SFC 2020-21 Claim Post Assurance Compensation (Specific Purpose)	49	This is a new grant from the Department for Levelling Up, Housing and Communities (DLUHC). There is additional grant income of £49,174 to be received from DLUHC that is due to Tatton Park, this relates to the final Covid Sales, Fees & Charges compensation reconciliation.
Total Specific Purpose Allocations less than £500,000			175	

Table 3 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) previously named in the MTFS.

Committee	Year	Type of Grant	£000	Details
				On 22 nd February 2023 Council delegated authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix C, Annex 7 of the MTFS.
Economy & Growth	2023/24	Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11 (Specific Purpose)	89	Increase on MTFS 2023-27 estimate. This grant is from the Business Energy and Industrial Strategy Department. To enable the 11 Northern LEPs (the NP11) to develop a more unified Northern Powerhouse economic development programme and voice. The NP11 will work together on issues where a pan-Northern approach to economic development can add value.
Total Delegated Decision Specific Purpose Allocations previously named in the MTFS			89	

3. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Economy and Growth Committee		
Growth and Enterprise	581	328

Total outstanding debt has reduced from £1,777k at Third Financial Review to £581k at 31st March 2024. Debt over 6 months old has increased from £222k to £328k.

4. Capital Strategy

Table 1 Capital Programme

Economy & Growth											CAPITAL		
CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding
	Total Approved Budget	Prior Years	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Total Forecast Budget 2023-27	Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes in progress													
Facilities Management													
Public Sector Decarbonisation Fund - FM 1	1,909	1,759	151	0	0	0	151	128	0	0	0	22	151
Public Sector Decarbonisation Fund - FM 2	646	452	194	0	0	0	194	128	0	0	0	67	194
Public Sector Decarbonisation Fund - FM 3	5,214	3,931	1,092	191	0	0	1,283	285	0	0	0	998	1,283
PSDS - 3B - Lot 1	3,278	0	77	2,201	1,000	0	3,278	2,015	0	0	0	1,263	3,278
PSDS - 3B - Lot 3 (schools)	5,300	0	3,267	2,033	0	0	5,300	5,191	0	109	0	0	5,300
Septic Tanks	636	280	5	351	0	0	356	0	0	0	0	356	356
Schools Capital Maintenance	8,315	4,639	936	2,740	0	0	3,676	3,395	0	281	0	0	3,676
Corporate Landlord - Operational	1,027	962	33	31	0	0	65	0	0	0	0	65	65
Premises Capital (FM)	38,774	30,705	1,825	3,775	2,469	0	8,069	0	0	0	0	8,069	8,069
Poynton Pool Spillway	1,380	296	173	885	27	0	1,084	0	0	200	0	884	1,084
Housing													
Home Upgrade Grant Phase 2	6,210	0	740	5,470	0	0	6,210	6,210	0	0	0	0	6,210
Crewe Towns Fund - Warm and Healthy Homes	2,126	10	21	706	1,389	0	2,116	2,116	0	0	0	0	2,116
Social Housing Decarbonisation Fund	1,565	86	1,471	8	0	0	1,479	1,479	0	0	0	0	1,479
Future High Street Funding - Chester Street	8	3	0	5	0	0	5	5	0	0	0	0	5
Future High Street Funding - Delamere Street	10	5	1	4	0	0	5	5	0	0	0	0	5
Green Homes Grant	3,105	2,249	128	728	0	0	856	854	2	0	0	0	856
Sustainable Warmth - Home Upgrade Grant	855	631	184	40	0	0	224	175	50	0	0	0	224
Home Repairs Vulnerable People	1,306	659	210	178	258	0	647	0	21	0	0	626	647
Disabled Facilities	16,103	6,989	3,192	3,580	2,342	0	9,114	7,902	285	0	0	928	9,114
Warm Homes Fund	239	198	15	26	0	0	41	41	0	0	0	0	41
Temporary Accommodation	1,479	878	192	410	0	0	601	0	355	246	0	0	601
Gypsy and Traveller Sites	4,136	1,289	1,649	1,198	0	0	2,847	700	438	0	0	1,709	2,847

CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Estates													
Corporate Landlord - Non-Operational	1,336	0	0	1,336	0	0	1,336	0	0	0	0	1,336	1,336
Malkins Bank Landfill Site	1,360	565	97	699	0	0	795	0	0	0	7	788	795
Farms Strategy	2,910	1,671	19	191	310	720	1,240	0	0	0	1,240	0	1,240
Economic Development													
Crewe Towns Fund - Repurposing Our High	1,450	38	125	644	644	0	1,412	1,412	0	0	0	0	1,412
Crewe Towns Fund - Flag Lane Baths	3,935	306	277	3,352	0	0	3,629	3,629	0	0	0	0	3,629
Crewe Towns Fund - Mill Street Corridor	3,620	190	494	2,138	798	0	3,430	3,430	0	0	0	0	3,430
Crewe Towns Fund - Mirion St	732	30	135	568	0	0	703	703	0	0	0	0	703
Crewe Towns Fund - Crewe Youth Zone non-	351	49	76	226	0	0	302	302	0	0	0	0	302
Crewe Towns Fund - History Centre Public Realm	380	14	-4	0	370	0	366	366	0	0	0	0	366
Handforth Heat Network	13,219	0	17	663	50	12,489	13,219	2,604	7,428	0	0	3,187	13,219
Demolition of Crewe Library & Concourse (Future High Street Funding - History Centre Preparatory)	3,396	181	677	2,538	0	0	3,215	1,692	0	0	0	1,523	3,215
Future High Street Funding - CEC Innovation	3,973	59	471	3,443	0	0	3,915	3,915	0	0	0	0	3,915
Crewe Town Centre Regeneration	32,293	15,058	15,935	1,300	0	0	17,235	341	64	0	0	16,829	17,235
Macclesfield Indoor Market Toilet Refurbishment	186	12	174	0	0	0	174	50	98	0	0	26	174
Macclesfield Town Centre	358	0	-3	361	0	0	358	0	0	0	0	358	358
Macc on Foot (MOF)	415	0	5	410	0	0	415	415	0	0	0	0	415
Macclesfield Indoor Market Refurbishment (MIMR)	1,269	0	40	1,230	0	0	1,269	1,269	0	0	0	0	1,269
South Macclesfield Development Area	34,630	3,237	22	11,371	20,000	0	31,393	10,000	10,000	0	11,371	22	31,393
North Cheshire Garden Village	57,866	6,002	1,024	20,365	30,475	0	51,864	21,189	0	0	21,700	8,975	51,864
Leighton Green	2,096	1,464	5	628	0	0	632	0	0	0	0	632	632
Connecting Cheshire Phase 3	8,000	0	128	1,972	2,000	3,900	8,000	0	8,000	0	0	0	8,000
Connecting Cheshire 2020	9,250	3,709	1,971	2,570	1,000	0	5,542	4,858	683	0	0	0	5,542

CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Culture & Tourism													
Countryside Vehicles	1,579	580	120	226	219	434	999	0	0	935	64	0	999
Culture & Tourism S106 Schemes	633	65	26	312	225	5	568	8	560	0	0	0	568
New Archives Premises	10,256	0	442	9,047	667	100	10,256	0	0	0	0	10,256	10,256
PROW Capital Works	1,051	957	85	9	0	0	94	94	0	0	0	0	94
PROW CMM A6 MARR	100	9	60	31	0	0	91	91	0	0	0	0	91
PROW Flood Damage Investment	72	63	7	1	0	0	8	0	0	0	0	8	8
Tatton Park Investment Phase 2	3,280	1,407	28	672	350	823	1,873	0	0	0	0	1,873	1,873
Total Committed Schemes	303,620	91,686	38,008	90,862	64,594	18,470	211,934	86,997	27,984	1,770	34,381	60,802	211,934
New Schemes													
Housing													
Local Authority Housing Fund	978	0	293	684	0	0	978	978	0	0	0	0	978
Economic Development													
UK Shared Prosperity Fund - Core	950	0	202	748	0	0	950	950	0	0	0	0	950
Handforth Garden Village s106 Obligations	6,841	0	0	0	3,000	3,841	6,841	0	0	0	0	6,841	6,841
Culture & Tourism													
Cattle Handling Facility - Oakwood Farm	367	0	367	0	0	0	367	0	0	367	0	0	367
Rural Shared Prosperity Fund	415	0	113	302	0	0	415	415	0	0	0	0	415
Total New Schemes	782	0	975	1,734	3,000	3,841	9,551	2,342	0	367	0	6,841	9,551
Total Growth & Enterprise	304,402	91,686	38,983	92,596	67,594	22,312	221,484	89,339	27,984	2,137	34,381	67,643	221,484

Table 2 Delegated Decision - Supplementary Capital Estimates (SCEs) and Capital Budget Virements

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Facilities Management		
Public Sector Decarbonisation Fund - FM 3	449	To increase budget to take in to consideration the grant received is higher than approved.
PSDS - 3B - Lot 3 (schools)	108,532	Match funding for the Public Sector Decarbonisation Programme, contributions from Schools
Housing		
Disabled Facilities	284,829	To increase the budget to incorporate the contributions made towards the in-year costs.
Home Repairs Vulnerable People	21,112	
Green Homes Grant	2,320	
Sustainable Warmth - Home Upgrade Grant	49,549	
Green Infrastructure		
Cattle Handling Facility - Oakwood Farm	177,084	Revenue contributions to cover the in-year cost of works.
Total Supplementary Capital Estimates Requested	643,875	

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Capital Budget Virements that have been made up to £500,000		
Facilities Management		
Schools Capital Maintenance	191,515	Virement from School Condition Grant to cover expenditure in relation to Rode Heath Primary School.
PSDS - 3B - Lot 3 (schools)	167,777	Virements from Children & Families as match funding for the Public Sector Decarbonisation Programme: Funded by School Condition Grant
	33,513	Funded by Devolved Formula Capital grant
	16,876	Funded by Energy Efficiency Capital grant
Public Sector Decarbonisation Fund - FM 1	31,986	To re-align the Public Sector Decarbonisation Fund budgets, to match where the expenditure was incurred.
Public Sector Decarbonisation Fund - FM 1	22,247	Virement from Premises Capital budget to fund costs coded here but not funded by the claims from PSDS.
Public Sector Decarbonisation Fund - FM 2	66,569	
Total Capital Budget Virements Approved	530,483	
Total Supplementary Capital Estimates and Virements	1,174,358	

5. Reserves Strategy

Economy and Growth Committee

Name of Reserve	Opening Balance 1 April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31 March 2024 £000	Notes
Directorate				
Place Directorate	1,722	(558)	1,164	To support a number of widespread projects within the Place Directorate.
Investment (Sustainability)	648	(39)	609	To support investment that can increase longer term financial independence and stability of the Council.
Growth and Enterprise				
Legal Proceedings	228	(16)	212	To enable legal proceedings on land and property matters. Reserve being built up to be used in the future if the site is vacated. Current lease extends beyond 2026.
Investment Portfolio	361	173	534	
Homelessness & Housing Options - Revenue Grants	130	0	130	To cover costs of purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families. Remaining portion of historic grants - not been used due to high levels of ringfenced Homeless Prevention & Rough Sleepers Grants being utilised.
Tatton Park Trading Reserve	0	128	128	Ringfenced Trading Reserve used to support projects and overall position at Tatton.
Royal Arcade Crewe	20	(20)	0	Original purpose was to fund vacant possession related costs for the Royal Arcade until demolition. The balance will now be used to pay for ongoing rates and maintenance costs for Crewe Bus station.
ECONOMY AND GROWTH TOTAL	3,109	(332)	2,777	

Appendix 5: Environment and Communities Committee

Contents

1. 2023/24 Final Outturn and Commentary

2. Corporate Grants Register

Table 1: Environment and Communities Committee Grants

Table 2: Delegated Decision Additional Grant Funding (Specific Purpose) £500,000 or less

3. Debt Management

4. Capital Strategy

Table 1: Capital Programme

Table 2: Delegated Decision – Supplementary Capital Estimates (SCEs) and Capital Budget Virements

Table 3: For information - Capital Budget Reductions to be noted by Finance Sub Committee

5. Reserves Strategy

Appendix 5

Environment and Communities Committee

1.2023/24 Final Outturn and Commentary

2023/24	Revised Budget (NET)	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	£000	£000	£000	£000	£000
Environment & Neighbourhood Services	48,198	50,506	2,308	3,095	(787)

Outturn Commentary

Place Outturn 2023/24

Overall, the Place Directorate is reporting an underspend of £3.6m at outturn against a £94.1m budget. Pressures from planning income, waste, car park income and energy have been managed through vacancy management and reducing expenditure. This is an improvement of £3.7m since the third financial review mainly as a result of use of reserves and additional income.

Environment & Communities Committee

Environment and Neighbourhood Services has an overspend of £2.3m against a net budget of £48.2m. This is an improvement of £0.8m from the third finance review.

The key reasons for the overspend are:

Planning Services : £0.4m overspend

- Underlying issues relating to income:

- Planning applications under budget +£1m.

- Building Control historic unachievable income target £0.4m

- Local Land Charges due to fall in demand £41k

- Temporary mitigations include: vacancy management -£0.9m, underspending on supplies and services and travel -£45k; and application of grant -£107k.

This is an improvement of £0.6m from the third finance review with key differences relating to:

- Planning applications – additional pressure of £95k.

- Vacancy management -£467k.
- Underspending on supplies and services -£136k (mainly planning appeals reduced spend and Local Plan costs pushed back a year due to delays).

Environmental - Commissioning ANSA: £2.4m overspend

- Underlying issues relating to: pay award increased provision £506k; materials recycling processing net costs £1,036k; waste disposal contract inflation and kerbside tonnages £667k; in year shortfall against the Place Pay savings target £199k; green waste costs £104k (offset against income).
- Temporary mitigations: fuel reduction £130k.

This is an improvement of £0.1m from the third finance review with key differences relating to:

- Waste disposal contract inflation and kerbside tonnages £0.3m improvement offset by shortfalls in meeting savings targets.

Environmental - Management Services: £0.3m underspend

- Underlying issues relate: to pressure in Markets from reduced income and business rates as a result of empty stalls £67K; and Green Waste and HWRC project costs £186k.
- Temporary mitigations include: capitalisation of staff costs -£198k; underspend on HWRC business rates -£17k; Environment Hub - £57k; staff costs -£27k; and other expenses -£139k.
- There is additional saving -£56k on closed cemeteries as only one has been transferred to ANSA this year. Carbon Neutral -£70k underspent (includes £39k offered from reserves as a one-off cost saving to revenue for this year).

This is a worsening of £0.1m from the third finance review.

Note: There will be a review focussing on the specific areas where there were major variances to see whether they are a one-off variance, or if there is an underlying budget variance that needs to be addressed in 2024/25. Findings will be reported at the next Environment and Communities Committee meeting.

Environment and Communities Committee

2. Corporate Grants Register

3.19 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.

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

3.21 **Table 1** provides a detailed listing of all Environment & Communities related grants, their movements between the reporting period and the treatment of the grant.

3.22 **Table 2** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.

Table 1 – CORPORATE GRANTS REGISTER

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	Notes 2 - 5
ENVIRONMENT & COMMUNITIES					
Specific Purpose (Held within Services)					
Bikeability Grant	240	240	156	-84	
Swimming Pool Support Fund	0	500	500	0	
Enforcement Grant (Planning) - brought-forward	0	30	30	0	
Enforcement Grant (Planning) - carried-forward	0	0	-30	-30	
High Speed 2 (HS2) Ltd - brought-forward	0	850	850	0	
High Speed 2 (HS2) Ltd - carried-forward	0	0	-850	-850	
Planning Skills Delivery Fund	0	0	100	100 SRE	
Planning Skills Delivery Fund - carried-forward	0	0	-100	-100	
Air Quality Grant (Awareness) - brought-forward	0	25	25	0	
Air Quality Grant (Cycling) - brought-forward	0	10	10	-0	
Air Quality Grant (Cycling) - carried-forward	0	0	-6	-6	
Smoke control areas new burdens funding	0	0	12	12 SRE	
Smoke control areas new burdens funding - carried-forward	0	0	-12	-12	
Offensive weapons - brought-forward	0	4	4	0	
Cosmetic fillers - brought-forward	0	7	7	0	
Cosmetic fillers - carried-forward	0	0	-7	-7	
Food Information Grant - Natasha's Law - brought-forward	0	11	11	0	
Offensive Weapons funding	0	0	10	10 SRE	
Food Standards Agency 22-23	0	1	1	0	
Section 31 grant - Biodiversity net gain - brought-forward	0	20	20	0	
Section 31 grant - Biodiversity net gain	0	0	43	43 SRE	
Taxi and PHV Database Payment Notification	0	0	1	1 SRE	
Natural England - Stewardship scheme	0	2	2	0	
Natural England - Stewardship scheme	0	7	6	-1	
Apprentice Incentive Scheme	0	2	2	0	
Total Environment & Communities - Specific Purpose	240	1,709	784	-925	
General Use (Held Corporately)					
TOTAL ENVIRONMENT & COMMUNITIES	240	1,709	784	-925	

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 DiE 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.

Table 2 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Environment and Communities	2023/24	Planning Skills Delivery Fund (Specific Purpose)	100	This is a new grant from the Department for Levelling Up, Housing and Communities (DLUHC). Funding from DLUHC to provide support to Local Planning Authorities which will assist in clearing the backlogs of planning applications in preparation for future planning reforms.
Environment and Communities	2023/24	Smoke control areas new burdens funding (Specific Purpose)	12	This is a new grant from the Department for Environment, Food and Rural Affairs (DEFRA). Funding has been provided for focused work on domestic fuel burning through the smoke control area regime. This is linked to national air quality priorities around the reduction of particulate matter.
Environment and Communities	2023/24	Offensive Weapons (Specific Purpose)	10	This is a new grant from the Home Office. Funding is provided to support education and awareness raising, investigation and enforcement activities around the legal and illegal sale of offensive weapons.
Environment and Communities	2023/24	Section 31 grant - Biodiversity net gain (Specific Purpose)	43	Increase on Financial Review 3 forecast. This grant is from the Department for Environment, Food and Rural Affairs (DEFRA). This funding will allow the Planning service to adopt the mandatory

Committee	Year	Type of Grant	£000	Details
				Biodiversity Net Gain approach to Development coming into force in 2023, to ensure that natural habitats are extended or improved as part of a project or development.
Environment and Communities	2023/24	Taxi and PHV Database Payment Notification (Specific Purpose)	1	This grant is a new grant from the Department for Environment, Food and Rural Affairs (DEFRA). It provides a small amount of funding for local licensing authorities for the submission of data on licensed vehicles. This is to support the Secretary of State in creating a national database for the purposes of enforcing air quality measures notably those within Clean Air Zones.
Total Specific Purpose Allocations less than £500,000			166	

3. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Environment and Communities Committee		
Environment and Neighbourhood Services	384	189

Total outstanding debt has increased from £325k at Third Financial Review to £384k at 31st March 2024. Debt over 6 months old has reduced from £214k to £189k.

4. Capital Strategy

Table 1 Capital Programme

Environment & Communities													CAPITAL
CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Environment Services													
Arnold Rhodes Public Open Space Improvements Phase 2	90	89	1	0	0	0	1	0	1	0	0	0	1
Bereavement Service Data System	35	6	1	28	0	0	29	0	0	29	0	0	29
Carbon Offset Investment	568	78	59	131	300	0	490	0	0	0	0	490	490
Chefford Village Hall Open Space and Sport Improvements	164	115	5	45	0	0	50	0	50	0	0	0	50
Church Lane Community Park Development	95	93	2	0	0	0	2	0	2	0	0	0	2
Congleton Household Waste Recycling Centre Development	20	20	0	0	0	0	0	0	0	0	0	0	0
Energy Improvements at Cledford Lane	985	890	18	77	0	0	95	0	0	0	0	95	95
Future High Street Funding - Sustainable Energy Network	1,780	289	859	633	0	0	1,491	1,491	0	0	0	0	1,491
Green Investment Scheme (Solar Farm)	3,950	339	1,940	1,665	6	0	3,611	0	0	0	0	3,611	3,611
Hassall Road Play Area Improvements	77	77	0	0	0	0	0	0	0	0	0	0	0
Household Bins Schemes	328	0	328	0	0	0	328	0	0	328	0	0	328
Household Waste Recycling Centres	860	39	9	797	15	0	821	0	0	0	0	821	821
Litter and Recycling Bins	208	111	8	42	25	22	97	0	0	0	0	97	97
Little Lindow Open Space Improvements	69	63	6	0	0	0	6	0	6	0	0	0	6
Nantwich Cemetery Roadway Extension	75	72	0	3	0	0	3	0	0	3	0	0	3
Newtown Sports Facilities Improvements	99	81	0	18	0	0	18	0	18	0	0	0	18
Park Development Fund	871	577	93	78	36	87	295	0	0	0	0	295	295
Pastures Wood De-carbonisation	51	31	4	16	0	0	20	0	0	20	0	0	20
Pitch Improvements - Alderley Edge Park and Chorley Hall Lane	29	13	16	0	0	0	16	0	12	0	0	4	16
Queens Park Lake Planting	18	17	1	0	0	0	1	0	1	0	0	0	1
Queens Park Play Area Improvements	100	100	0	0	0	0	0	0	0	0	0	0	0
Rotherhead Drive Open Space and Play Area	141	113	4	3	7	14	28	0	28	0	0	0	28
Solar Energy Generation	14,180	48	43	1,987	10,800	1,302	14,132	0	0	0	0	14,132	14,132
Victoria Park Pitch Improvements	29	5	23	1	0	0	24	0	24	0	0	0	24
Woodland South of Coppice Way, Handforth	22	0	1	21	0	0	22	0	22	0	0	0	22
Wynbunbury Parish Open Space	4	0	0	4	0	0	4	0	4	0	0	0	4

Page 105

CAPITAL PROGRAMME 2023/24 - 2026/27

Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Neighbourhood Services													
Congleton Leisure Centre	13,000	12,676	287	38	0	0	324	0	20	0	0	304	324
Crewe Towns Fund - Valley Brook Green Corridor	3,339	167	160	2,372	640	0	3,172	3,172	0	0	0	0	3,172
Crewe Towns Fund - Cumberland Arena	2,392	120	9	1,439	825	0	2,272	2,272	0	0	0	0	2,272
Crewe Towns Fund - Pocket Parks	1,272	74	578	227	393	0	1,198	1,198	0	0	0	0	1,198
Macclesfield Leisure Centre Improvements	3,865	3,398	467	0	0	0	467	0	0	0	0	467	467
Middlewich Leisure Centre	60	51	0	9	0	0	9	0	0	0	0	9	9
Libraries - Next Generation - Self Service	374	329	6	38	0	0	44	0	0	0	0	44	44
Poynton Leisure Centre		0	0	0	0	0	0	0	0	0	0	0	0
Planning Services													
Regulatory Systems & Environmental Health ICT System	313	267	12	34	0	0	46	0	0	30	0	17	46
Replacement CCTV Cameras	301	135	167	0	0	0	167	0	0	68	0	99	167
Total Committed Schemes	49,764	20,481	5,105	9,706	13,047	1,425	29,284	8,133	188	477	0	20,485	29,284
New Schemes													
Environment Services													
Barony Skate Park Refurbishment	100	0	100	0	0	0	100	98	0	0	0	2	100
Booth Bed Lane, Goostrey	140	0	0	140	0	0	140	100	40	0	0	0	140
Bosley Village Play Area	20	0	0	20	0	0	20	0	20	0	0	0	20
Browns Lane Play Area (2024/25)	12	0	0	12	0	0	12	0	12	0	0	0	12
Carnival Fields	42	0	0	42	0	0	42	0	42	0	0	0	42
Chelford Village Hall Phase 2	61	0	0	61	0	0	61	0	61	0	0	0	61
Cremator Flue Gas Modifications	30	0	0	30	0	0	30	0	0	0	0	30	30
Crewe Crematorium and Macclesfield Crematorium Major	30	0	14	16	0	0	30	0	0	30	0	0	30
Elworth Park	52	0	0	52	0	0	52	0	52	0	0	0	52
Fleet EV Transition	6,897	0	39	2,557	4,301	0	6,897	0	0	0	0	6,897	6,897
Fleet Vehicle Electric Charging	585	0	155	334	96	0	585	0	0	0	0	585	585
Fountain Fields Inclusive Improvements	29	0	29	0	0	0	29	0	29	0	0	0	29
Grounds Maintenance Management ICT System	121	0	101	20	0	0	121	0	0	0	0	121	121
Jim Evison Playing Fields	161	0	0	161	0	0	161	0	161	0	0	0	161

Environment & Communities

CAPITAL

CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
New Schemes													
Longridge Open Space Improvement Project	66	0	0	66	0	0	66	0	66	0	0	0	66
Macclesfield Chapel Refurbishment	429	0	22	407	0	0	429	0	0	22	0	407	429
Main Road, Langley	259	0	0	259	0	0	259	0	259	0	0	0	259
Park Lane, Poynton	39	0	0	39	0	0	39	0	39	0	0	0	39
Park Play, Meriton Road & Stanley Hall	10	0	0	10	0	0	10	0	10	0	0	0	10
Pear Tree Play Area, Stapeley Improvements	7	0	1	6	0	0	7	0	7	0	0	0	7
Queens Park Bowling Green	17	0	0	17	0	0	17	0	17	0	0	0	17
Shaw Heath Recreation Ground	22	0	3	19	0	0	22	0	22	0	0	0	22
Stanley Hall Improvements	55	0	0	55	0	0	55	20	35	0	0	0	55
The Carrs Improvement Project	61	0	0	61	0	0	61	0	61	0	0	0	61
The Moor, Knutsford	36	0	0	36	0	0	36	0	17	0	0	19	36
Tytherington Public Art	10	0	0	10	0	0	10	0	10	0	0	0	10
Unsafe Cemetery Memorials	35	0	9	26	0	0	35	0	0	0	0	35	35
Victoria Park Amenity Improvements	20	0	9	11	0	0	20	0	20	0	0	0	20
West Park Open Space & Sports Improvements	120	0	23	98	0	0	120	0	120	0	0	0	120
Wilmslow Town Council - Villas	81	0	0	81	0	0	81	34	14	0	0	34	81
Wybunbury St Chad's Closed Cemetery	219	0	0	219	0	0	219	0	0	0	0	219	219
Total New Schemes	1,798	0	506	4,865	4,397	0	9,768	251	1,115	52	0	8,349	9,768
Total Environment and Communities Schemes	51,563	20,481	5,611	14,571	17,444	1,425	39,051	8,384	1,303	529	0	28,835	39,051

Table 2 Delegated Decision - Supplementary Capital Estimates (SCEs) and Capital Budget Virements

Committee / Capital Scheme	Amount Requested	Reason and Funding Source
	£	
Supplementary Capital Estimates that have been made up to £500,000		
Environment Services		
Arnold Rhodes Public Open Space Improvements Phase 2	1,320	To increase the approved budgets to fund in-year expenditure - fully funded by S106 contributions.
Little Lindow Open Space Improvements	181	
West Park Open Space & Sports Improvements	82,406	To increase the approved budget to a total amount of £120.452, the increase is fully funded by a S106 contribution
Leisure Services		
Congleton Leisure Centre	20,000	Additional S106 contribution to part fund the Skate Park Facility at Congleton Leisure Centre
Environmental Health		
Replacement CCTV Cameras	293	Increase in budget required to cover in -year overspend. Project is now complete
Total Supplementary Capital Estimates Requested		104,200

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Capital Budget Virements that have been made up to £500,000		
Environment Services		
Pitch Improvements - Alderley Edge Park and Chorley Hall Lane Playing Fields	4,201	To increase the approved budget to fund in-year expenditure - contribution vired from the park Development Fund
Future High Street Funding - Sustainable Energy Network	63,333	To re-align the Public Sector Decarbonisation Fund budgets, to match where the expenditure was incurred.
Leisure Services		
Congleton Leisure Centre	120,211	Virement from the Premises Capital budget as agreed to cover remedial works.
Total Capital Budget Virements Approved		187,745
Total Supplementary Capital Estimates and Virements		291,944

Table 3 For information - Capital Budget Reductions to be noted by Finance Sub Committee

Committee / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Finance Sub Committee are asked to note the reductions in Approved Budgets				
Environment & Communities				
Environment Services				
Future high Street Funding - Centralised Budget	32,302,627	32,292,627	10,000	Allocation from UK Shared Prosperity Fund not as high as added to the budget.
Park Development Fund	873,664	871,264	2,400	Budget reduction - need to fund the shortfall in funding on Barony Skate Part from FCC
Longridge Contaminated Land	22,000	0	22,000	Duplicate scheme approved in the MTFs, budget is already approved in the Shaw Heath Recreation Ground project
West Park, Macclesfield	102,102	0	102,102	Duplicate scheme approved in the MTFs, budget is already approved in the West Park Open Space & Sports Improvements project
	33,300,393	33,163,891	136,502	

5. Reserves Strategy

Environment and Communities Committee

Name of Reserve	Opening Balance 1 April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31 March 2024 £000	Notes
<u>Environment and Neighbourhood Services</u>				
Strategic Planning	568	0	568	To meet costs associated with the Local Plan - site allocations, minerals and waste DPD.
Trees / Structures Risk Management	166	(27)	139	New reserve to respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Spatial Planning - revenue grant	89	(76)	13	Funding IT costs over 4 years.
Neighbourhood Planning	82	0	82	To match income and expenditure.
Air Quality	36	0	36	Air Quality Management - DEFRA Action Plan. Relocating electric vehicle charge point in Congleton.
Street Cleansing	26	(4)	22	Committed expenditure on voluntary litter picking equipment and electric blowers.
Community Protection	17	(17)	0	£4k illicit tobacco grant; £13k Natasha's Law grant.
Licensing Enforcement	8	0	8	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
Flood Water Management (Emergency Planning)	2	0	2	Relating to Public Information Works.
ENVIRONMENT AND COMMUNITIES TOTAL	994	(124)	870	

Appendix 6: Highways and Transport Committee

Contents

1. 2023/24 Final Outturn and Commentary

2. Corporate Grants Register

Table 1: Highways and Transport Committee Grants

Table 2: Delegated Decision Additional Grant Funding (Specific Purpose) £500,000 or less

3. Debt Management

4. Capital Strategy

Table 1: Capital Programme

Table 2: Delegated Decision - Supplementary Capital Estimates (SCEs)

Table 3: Requests for Supplementary Capital Estimates (SCEs) and Virements for Committee Approval

Table 4: Requests for Supplementary Capital Estimates (SCEs) and Virements for Finance Sub Committee Approval

Table 5: Capital Budget Reductions

5. Reserves Strategy

Appendix 6

Highways and Transport Committee

1. 2023/24 Final Outturn and Commentary

2023/24	Revised Budget (NET)	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	£000	£000	£000	£000	£000
Highways & Infrastructure	21,100	19,620	(1,480)	(186)	(1,294)

Outturn Commentary:

Place Outturn 2023/24

Overall the Place Directorate is reporting an underspend of £3.6m at outturn against a £94.1m budget. Pressures from planning income, waste, car park income and energy have been managed through vacancy management and reducing expenditure. This is an improvement of £3.7m since the third financial review mainly as a result of use of reserves and additional income.

Highways & Transport Committee

Highways & Infrastructure are reporting an underspend of £1.5m against a net budget of £21.1m. This is a £1.3m improvement over the forecast reported at the third finance review.

The key reasons for the underspend are:

Car Parking: £0.4m overspend

- Mainly temporary issues relating to: delayed MTFS savings +£1.6m; additional income from existing parking charges exceeding budgets -£653k; vacancy management -£448k (whilst there is a saving due to vacancies being not filled these role are net revenue generating over time); lower fines income +£130k; stopping expenditure -£126k; and other income increases -£46k.

This is an improvement of £0.4m from the third finance review with key differences relating to:

- Car parking income -£247k improvement
- Vacancy management -£29k
- Enforcement income -£41k
- Stopping expenditure -£127k

Strategic Transport: -£0.3m underspend.

- Mainly temporary issues relating to: vacancy management -£294k.

This is an improvement of £0.3m from the third finance review.

Highways: £0.6m underspend

- Mainly temporary issues relating to: operational pressures relating to Street Lighting +£451k and Adverse Weather +£115k; vacancy management -£125k; and increased income -£1,056k.

This is an improvement of £0.2m from the third finance review with key differences relating to vacancy management and over-achievement of income.

HS2: £0.6m underspend

- Mainly temporary issues relating to: release of the HS2 earmarked reserve -£400k; vacancy management -£122k; reduced consultancy spend -£73k; additional income -£21k (contributions and recharges to capital).

This is an improvement of £33k from the third finance review.

Note: There will be a review focussing on the specific areas where there were major variances to see whether they are a one-off variance, or if there is an underlying budget variance that needs to be addressed in 2024/25. Findings will be reported at the next Highways and Transport Committee meeting.

Highways and Transport Committee

2. Corporate Grants Register

- 4.1 Cheshire East Council receives two main types of Government grants; specific purpose grants and general use grants. Specific purpose grants are held within the relevant service with a corresponding expenditure budget. Whereas general use grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 4.2 Spending in relation to specific purpose grants must be in line with the purpose for which it is provided.
- 4.3 **Table 1** provides a detailed listing of all Highways and Transport Committee related grants, their movements between the reporting period and the treatment of the grant.
- 4.4 **Table 2** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.

Table 1 – CORPORATE GRANTS REGISTER

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	Notes 2 - 5
HIGHWAYS & TRANSPORT					
Specific Purpose (Held within Services)					
Bus Service Operators Grant	0	348	0	-348	
Bus Capacity Grant - brought-forward	0	179	179	0	
Bus Capacity Grant - carried-forward	0	0	-159	-159	
Bus Recovery - brought-forward	0	219	0	-219	
Bus Recovery - carried-forward	0	0	-150	-150	
Local Transport Fund - brought-forward	0	0	410	410	
Local Transport Fund	0	390	546	157	SRE
Local Transport Fund - carried-forward	0	0	-219	-219	
Better Deal for Buses - Supported Bus Services - brought-forward	0	320	320	0	
Better Deal for Buses - Rural Mobility Grant - brought-forward	0	5	5	0	
Bus Support Grant - brought-forward	0	147	147	0	
Bus Support Grant - carried-forward	0	0	-147	-147	
Local Authority Capability Fund - brought-forward	0	154	154	0	
Local Authority Capability Fund	0	0	215	215	SRE
Local Authority Capability Fund - carried-forward	0	0	-125	-125	
LTA Enhanced Partnership Grant - brought-forward	0	171	171	0	
LTA Enhanced Partnership Grant - carried-forward	0	0	-171	-171	
Local Electric Vehicle Infrastructure (LEVI) - brought-forward	0	0	70	70	
Local Electric Vehicle Infrastructure (LEVI)	0	230	159	-70	
Local Electric Vehicle Infrastructure (LEVI) - carried-forward	0	0	-230	-230	
Bus Service Improvement Plan+ (BSIP+)	0	1,188	1,188	0	
Bus Service Improvement Plan+ (BSIP+) - carried-forward	0	0	-1,007	-1,007	
Bus Fare Cap Grant	0	1	2	1	SRE
Active Travel Capability Fund	0	72	72	0	
Active Travel Capability Fund - carried-forward	0	0	-72	-72	
PLACE DIRECTORATE - Duty to Consult before felling street trees	0	0	3	3	SRE
PLACE DIRECTORATE - Duty to Consult before felling street trees	0	0	-3	-3	
Total Highways & Transport - Specific Purpose	0	3,422	1,358	-2,063	

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	<i>Notes 2 - 5</i>
HIGHWAYS & TRANSPORT					
Specific Purpose (Held within Services)					
General Use (Held Corporately)					
Pavement Licensing - New Burdens	0	13	13	0	
Total Highways & Transport - General Use	0	13	13	0	
TOTAL HIGHWAYS & TRANSPORT	0	3,434	1,371	-2,063	

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.

Table 2 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Highways and Transport	2023/24	Local Transport Fund (Specific Purpose)	157	Increase on Financial Review 3 forecast. This is a grant from the Department for Transport (DfT). The Local Transport Fund (LTF) has been extended from 1 April 2023 to 30 June 2023. The LTF is a successor grant scheme to the Bus Recovery Grant paid to local authorities (hereafter LTA BRG). This funding is provided to Local Transport Authorities (LTAs) for the provision of bus services which require local authority support, including tendered bus services.
Highways and Transport	2023/24	Local Authority Capability Fund (Specific Purpose)	215	This is a new grant from the Department for Transport (DfT). To develop walking, cycling and wheeling schemes with a clear focus on building capability and technical skills within the Council, including good quality local community engagement.
Highways and Transport	2023/24	Bus Fare Cap Grant (Specific Purpose)	1	Increase on Financial Review 3 forecast. This is a grant from the Department for Transport DfT). This specifically provides financial support, in the same way as the Bus Service Operators Grant (BSOG), to one local bus operator which is not BSOG registered.

Committee	Year	Type of Grant	£000	Details
Highways and Transport	2023/24	Duty to Consult before felling street trees (Specific Purpose)	3	This is a new grant from the Department for Environment, Food and Rural Affairs (DEFRA). For production of data on or an estimate of the number of street trees in Cheshire East Council.
Total Specific Purpose Allocations less than £500,000			376	

Highways and Transport Committee

3. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Highways and Transport Committee		
Highways and Infrastructure	1,598	678

As at 31st March 2024, Total Outstanding Debt was £1,598k. This is an increase of £522k from Third Financial Review. This increase is largely due to a small number of invoices in February 2024 to other Local Authorities, some of which have since been paid. Debt over 6 months old has increased from £642k to £678k.

Highways and Transport Committee

4. Capital Strategy

Table 1 Capital Programme

Highways & Transport											CAPITAL		
CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Highways													
A532 Safer Road Fund Scheme	1,223	346	331	546	0	0	876	777	0	0	0	99	876
A536 Safer Road Fund Scheme	2,404	1,817	108	479	0	0	587	493	0	0	0	94	587
A537 Safer Road Fund Scheme	2,733	2,001	154	578	0	0	732	489	0	0	0	243	732
Air Quality Action Plan	473	339	81	52	0	0	134	108	10	0	0	15	134
Alderley Edge Bypass Scheme Implementation	60,611	60,358	2	252	0	0	253	0	0	0	0	253	253
Bridge Maintenance Minor Wks	10,037	7,641	2,395	0	0	0	2,395	1,637	0	0	0	758	2,395
Client Contract and Asset Mgmt	729	393	93	244	0	0	336	176	0	0	0	160	336
Highway Maintenance Minor Works	53,864	36,919	16,697	248	0	0	16,945	12,764	0	0	0	4,181	16,945
Highway Pothole/Challenge Fund	8,353	8,074	24	255	0	0	279	0	0	0	0	279	279
Jack Mills Way Part 1 Claims	300	285	14	1	0	0	15	0	15	0	0	0	15
Local Highway Measures	7,468	6,531	342	594	0	0	937	561	0	0	0	376	937
Programme Management	1,229	967	262	0	0	0	262	262	0	0	0	0	262
Road Safety Schemes Minor Wks	6,073	5,528	416	128	0	0	544	374	0	0	0	170	544
Traffic Signal Maintenance	518	518	-1	1	0	0	0	0	0	0	0	0	0
Traffic Signs and Bollards - LED Replacement	1,250	913	98	239	0	0	337	0	0	0	0	337	337
Winter Service Facility	957	577	97	153	130	0	381	-42	0	0	0	423	381
Infrastructure													
A500 Dualling scheme	89,456	10,415	616	1,000	1,000	76,425	79,041	74,125	4,300	0	0	616	79,041
A50 / A54 Holmes Chapel	603	92	8	503	0	0	511	0	511	0	0	0	511
A54 / A533 Leadsmithy Street, Middlewich	563	152	24	387	0	0	411	0	411	0	0	0	411
A6 MARR CMM Handforth	1,266	505	527	70	164	0	761	214	59	0	0	488	761
A6 MARR Technical Design	473	277	3	194	0	0	196	70	127	0	0	0	196
A556 Knutsford to Bowdon	504	361	6	137	0	0	143	0	143	0	0	0	143
Peacock Roundabout Junction	750	0	2	748	0	0	750	0	750	0	0	0	750
Congleton Link Road	88,443	71,453	810	3,387	4,229	8,565	16,990	316	14,130	0	0	2,545	16,990
Crewe Green Link Road	26,636	26,607	29	0	0	0	29	0	29	0	0	0	29
Crewe Green Roundabout	7,500	7,056	1	245	197	0	444	0	444	0	0	0	444
Flowerpot Phs 1 & Pinchpoint	10,037	1,437	73	6,263	2,265	0	8,601	2,139	726	0	0	5,736	8,601

Page 121

CAPITAL PROGRAMME 2023/24 - 2026/27

Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Future High Street Funding - Adaptive Signals	509	276	179	54	0	0	233	29	203	0	0	0	233
Future High Street Funding - Earle Street Link	37	36	1	0	0	0	1	0	1	0	0	0	1
Future High Street Funding - Flag Lane Link	1,558	358	891	13	296	0	1,200	1,200	0	0	0	0	1,200
Future High Street Funding - Southern Gateway	5,118	443	875	3,800	0	0	4,674	4,674	0	0	0	0	4,674
Highways & Infrastructure S106 Funded Schemes	2,838	1,236	255	1,257	89	0	1,601	286	1,315	0	0	0	1,601
Infrastructure Scheme Development	325	0	10	215	100	0	325	325	0	0	0	0	325
Middlewich Eastern Bypass	94,357	20,247	5,990	500	18,785	48,834	74,110	46,779	12,816	0	0	14,515	74,110
Mill Street Corridor - Station Link Project	1,534	0	92	1,442	0	0	1,534	950	284	0	0	300	1,534
North-West Crewe Package	51,366	22,374	20,734	5,721	435	2,102	28,992	0	23,345	0	0	5,647	28,992
Old Mill Road / The Hill Junction	1,325	173	15	1,137	0	0	1,152	0	1,152	0	0	0	1,152
Poynton Relief Road	52,617	43,682	2,602	2,351	396	3,587	8,935	2,236	4,647	0	1,000	1,052	8,935
Sydney Road Bridge	10,501	10,105	7	133	198	59	396	0	396	0	0	0	396
Strategic Transport and Parking													
Active Travel Fund	2,187	575	153	1,458	0	0	1,612	1,612	0	0	0	0	1,612
Active Travel (Cycling / Walking Route) Investment	2,985	2,570	195	220	0	0	415	350	0	0	0	65	415
Available Walking Routes	1	0	0	1	0	0	1	1	0	0	0	0	1
On-street Residential Charging	451	41	217	193	0	0	410	310	0	0	0	100	410
Route 55 Middlewood Way on Black Lane	700	116	578	6	0	0	584	584	0	0	0	0	584
Sustainable Travel Access Prog	2,949	1,626	412	911	0	0	1,324	1,324	0	0	0	0	1,324
Sustainable Modes of Travel to Schools Strategy (SMOTSS)	756	625	131	0	0	0	131	131	0	0	0	0	131
Public Transport Infrastructure	1,265	1,006	128	131	0	0	259	259	0	0	0	0	259
Local Access - Crewe Transport Access Studies	400	88	-0	312	0	0	312	312	0	0	0	0	312
Local Access - Macclesfield Transport Access Studies	300	61	-0	239	0	0	239	239	0	0	0	0	239
Middlewich Rail Study	20	0	0	20	0	0	20	20	0	0	0	0	20
Local LTP Strategy Studies	750	430	-0	321	0	0	320	320	0	0	0	0	320
Digital Car Parking Solutions	140	93	1	19	27	0	47	0	0	0	0	47	47
Pay and Display Parking Meters	620	607	0	13	0	0	13	0	0	0	0	13	13
Car Parking Improvements (including residents parking)	322	266	0	13	43	0	56	0	0	10	0	46	56
Total Committed Schemes	620,382	358,595	56,676	37,184	28,355	139,571	261,787	156,403	65,815	10	1,000	38,559	261,787

CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Outturn 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
New Schemes													
Highways													
Footpath Maintenance - Slurry Sealing & Reconstruction Works	619	0	514	105	0	0	619	619	0	0	0	0	619
Managing and Maintaining Highways	9,331	0	0	4,619	4,712	0	9,331	0	0	0	0	9,331	9,331
Network North	3,316	0	0	3,316	0	0	3,316	3,316	0	0	0	0	3,316
Pothole Funding	17,397	0	0	5,799	5,799	5,799	17,397	17,397	0	0	0	0	17,397
Integrated Block - LTP	6,009	0	0	2,003	2,003	2,003	6,009	6,009	0	0	0	0	6,009
Maintenance Block - LTP, plus CE funding for inflationary rise	21,287	0	0	7,609	7,878	5,799	21,287	17,397	0	0	0	3,890	21,287
Incentive Fund - LTP	4,350	0	0	1,450	1,450	1,450	4,350	4,350	0	0	0	0	4,350
		0	0	0	0	0	0	0	0	0	0	0	0
Strategic Transport and Parking		0	0	0	0	0	0	0	0	0	0	0	0
A538 Waters Roundabout Pedestrian and Cyclist Crossing	140	0	87	53	0	0	140	140	0	0	0	0	140
Active Travel Fund Tranche 4E	674	0	0	674	0	0	674	674	0	0	0	0	674
Bollin Valley / Greater Bollin Trail	100	0	89	11	0	0	100	100	0	0	0	0	100
Park Lane – Ayreshire Way, Congleton Walking and Cycling	250	0	14	236	0	0	250	250	0	0	0	0	250
LEVI Capital Fund 23/24	2,172	0	0	2,172	0	0	2,172	2,172	0	0	0	0	2,172
		0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure		0	0	0	0	0	0	0	0	0	0	0	0
A500 Corridor OBC Update	2,435	0	0	1,217	1,218	0	2,435	2,435	0	0	0	0	2,435
Total New Schemes	68,079	0	704	29,264	23,060	15,051	68,079	54,859	0	0	0	13,221	68,079
Total Highways & Transport	688,462	358,595	57,380	66,448	51,415	154,622	329,866	211,262	65,815	10	1,000	51,780	329,866

Table 2 Delegated Decision - Supplementary Capital Estimates (SCEs)

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Supplementary Capital Estimates that have been made up to £500,000		
Infrastructure		
Future High Street Funding - Earle Street Link	2,715	The Future High Street Funding element on this project has been exhausted, budget increase to incorporate S106 funds available to fund the additional expenditure to date.
Highways		
West Street, Crewe	501	Project funded by Developer Deposit, additional budget relates to the interest earned and applied to the deposit
Tytherington Lane, Macclesfield S106 - Traffic Calming Measures	5,844	To add additional S106 funding to cover the costs to the project.
Bollin Valley / Greater Bollin Trail	100,000	Schemes with allocations from the UK Shared Prosperity Fund.
A538 Waters Roundabout Pedestrian and Cyclist Crossing	140,000	
Park Lane – Ayrshire Way, Congleton Walking and Cycling	250,000	
Total Supplementary Capital Estimates Requested	499,060	

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Capital Budget Virements that have been made up to £500,000		
Highways		
West Street, Crewe	4,077	Project funding shortfall to be funded by Department for Transport grant originally allocated to Public Transport Infrastructure.
Sustainable Modes of Travel to Schools Strategy (SMOTSS)	10,751	Project funding shortfall to be funded by Department for Transport grant originally allocated to Active Travel (Cycling / Walking Route) Investment.
Programme Management	17,986	Virements at Outturn to cover overspends.
Bridge Maintenance Minor Wks	167,617	
Crewe Green Link Road	10,323	Virement from "Client Contract and Asset Management" project to cover overspend.
Total Capital Budget Virements Approved	210,754	
Total Supplementary Capital Estimates and Virements	709,814	

Table 3 Requests for Supplementary Capital Estimates (SCEs) and Virements for Committee Approval

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Supplementary Capital Estimates above £500,000 up to and including £1,000,000		
Highways & Transport		
Transport		
Active Travel Fund Tranche 4E	673,786	Active Travel Fund payment for the middle section of the Manchester Road scheme between Wilmslow and Handforth.
Total Supplementary Capital Estimates Requested		673,786
Total Supplementary Capital Estimates and Virements		673,786

Table 4 Requests for Supplementary Capital Estimates (SCEs) and Virements for Finance Sub Committee Approval

Committee	Amount Requested	Reason and Funding Source
	£	
Finance Sub Committee are to approve the Capital Virements and SCEs		
Supplementary Capital SCEs over £1,000,000		
Highways & Transport		
Highways		
Network North	3,316,000	Additional allocation of funding via the Network North initiative.
Transport		
LEVI Capital Fund 23/24	2,172,000	Grant funding received in respect of the Local Electric Vehicle Infrastructure (LEVI) fund.
Total Supplementary Capital Estimates Requested	5,488,000	
Total Supplementary Virements Estimates		
	5,488,000	

Table 5 Capital Budget Reductions

Committee / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
<p>Finance Sub Committee are asked to note the reductions in Approved Budgets</p>				
<p>Highways & Transport</p>				
<p>Transport</p>				
<p>Sustainable Travel Access Programme</p>	<p>3,495,944</p>	<p>2,948,811</p>	<p>(547,133)</p>	<p>Due to the reduced scope of this project, the Cheshire East and S106 funding is no longer required, the remaining forecast cost of the scheme will be covered by grant.</p>
<p>3,495,944 2,948,811 (547,133)</p>				

Highways and Transport Committee

5. Reserves Strategy

Highways and Transport Committee

Name of Reserve	Opening Balance 1 April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31 March 2024 £000	Notes
<u>Highways and Infrastructure</u>				
HS2	785	(400)	385	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.
Flood Recovery Works	400	0	400	To be utilised for repairs due to any adverse weather events.
Parking Pay and Display Machines / Parking Studies	178	(178)	0	Reserve to be used to implement the parking savings agreed in the February 2023 MTFS.
Highways Procurement Proj	104	0	104	To finance the development of the next Highway Service Contract. Depot mobilisation costs, split over 7 years from start of contract in 2018.
LEP-Local Transport Body	19	0	19	To fund the business case work for re-opening the Middlewich rail line. The remaining reserve will be fully required in 2023/24.
HIGHWAYS AND TRANSPORT TOTAL	1,486	(578)	908	

Appendix 7: Finance Sub-Committee

Contents

1. Final Outturn and Commentary

2. Council Tax and NNDR

3. Corporate Grants Register

Table 1: Summary of Grants

Table 2: Finance Sub-Committee Grants

Table 3: Delegated Decision Additional Grant Funding (General Purpose) £500,000 or less

4. Debt Management

5. Capital Strategy

Table 1: Financial Parameters

Table 2: Capital Programme Summary

Table 3: Capital Programme Update

Table 4: Delegated Decisions for Committee to Note

Table 5: Capital Supplementary Estimates and Virements for Approval

Table 6: Capital Budget Reductions for Committee to Note

6. Reserves Strategy

Appendix 7

Finance Sub-Committee

1. Final Outturn and Commentary

2023/24	Revised Budget (NET)	Outturn	Variance	Forecast Variance FR3	Movement from FR3 to Outturn
	£000	£000	£000	£000	£000
CENTRAL BUDGETS					
Capital Financing	26,877	26,879	2	-	2
Transfer to/(from) Earmarked Reserves	(25,669)	(25,668)	1	-	1
Other Income/Expenditure	687	(17)	(704)	-	(704)
Past Service Pensions	-	-	-	-	-
Credit Losses	(650)	(584)	66	500	(434)
Income from Use of Capital Receipts	(1,000)	(3,138)	(2,138)	(1,600)	(538)
Apprenticeship Levy	-	-	-	-	-
Central Budgets	245	(2,529)	(2,774)	(1,100)	(1,674)
TOTAL NET EXPENDITURE	356,172	365,256	9,084	13,003	(3,919)
Business Rates Retention Scheme	(57,899)	(58,256)	(357)	-	(357)
Specific Grants	(27,307)	(27,510)	(203)	-	(203)
Council Tax	(270,966)	(270,966)	-	-	-
Sourced from Collection Fund	-	-	-	-	-
Net Funding	(356,172)	(356,732)	(560)	-	(560)
NET DEFICIT/(SURPLUS)			8,524	13,003	(4,479)

Outturn Commentary

There was an increased use of Capital Receipts during the year of £2.1m.

Finance Sub-Committee

2. Council Tax and NNDR

Collecting Local Taxes for Local Expenditure

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

Council Tax

- 2.2 Council Tax is set locally and retained for spending locally. Council Tax was set for 2023/24 at £1,707.39 for a Band D property. This is applied to the taxbase.
- 2.3 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 2023/24 was agreed at 158,778.54 which, when multiplied by the Band D charge, means that the expected income for the year is £271.1m.
- 2.4 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 1** shows these amounts separately, giving a total budgeted collectable amount of £334.9m.

Table 1 – Cheshire East Council collects Council Tax on behalf of other precepting authorities

	£m
Cheshire East Council	271.1
Cheshire Police and Crime Commissioner	39.8
Cheshire Fire Authority	13.9
Town and Parish Councils	10.1
Total	334.9

- 2.5 The budgeted collectable amount may vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in the number and value of properties. The net amount billed to 31st March 2024 is £331.5m.
- 2.6 Council Tax Support payments were budgeted at £18.9m for 2023/24 and at 31st March 2024, the total Council Tax Support awarded was £20.0m. This includes £0.5m additional Council Tax Support Fund.
- 2.7 Council Tax discounts awarded up to 31st March 2024 are £31.3m, which is an increase of £1.9m in comparison to the same period in 2022/23. This increase is attributable to work related to raising awareness of the discounts available to residents.
- 2.8 Council Tax exemptions awarded to up to 31st March 2024 are £9.0m, which is an increase of £1.0m in comparison to the same period in 2022/23.
- 2.9 The Council Tax Collection Fund in-year deficit for 2023/24 is £3.4m. The total carried forward deficit at 31st March 2024

totalled £6.3m, to be shared proportionately among preceptors during 2024/25.

Council Tax Collection Rates

- 2.10 The budgeted collectable amount 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 total amount billed will therefore exceed the budget.
- 2.11 **Table 2** shows collection rates within three years and demonstrates that 99% collection rate is on target to be achieved within this period for 2023/24.

Table 2 – 99% Council Tax collection target in three years

Financial Year	CEC Cumulative			
	2020/21	2021/22	2022/23	2023/24
	%	%	%	%
After 1 year	97.4	97.8	98.2	97.9
After 2 years	98.6	98.5	98.7	**
After 3 years	98.9	99.0	**	**

**data not yet available

- 2.12 The Council Tax in-year collection rate for the period up to 31st March 2024 is 97.9%. This is slightly below the collection rate for the previous year, but it is still expected to achieve the 99% collection target rate after three years.

Non-Domestic Rates (NDR)

- 2.13 NDR is collected from businesses in Cheshire East based on the commercial rateable value of the property and a nationally set multiplier rate. The multiplier rate changes annually in line with inflation and takes account of the costs of small business rate relief.

- 2.14 The small business multiplier applied to businesses which qualify for the small business relief was frozen at 49.9p for 2023/24. The non-domestic multiplier was also frozen at 51.2p in the pound for 2023/24.
- 2.15 Cheshire East Council collects Non-Domestic Rates on behalf of Central Government and the Cheshire Fire Authority. **Table 3** shows these amounts separately, giving a total budgeted collectable amount of £147.7m.

Table 3 – Cheshire East Council collects Non-Domestic Rates on behalf of other precepting authorities

	£m
Cheshire East Council	72.4
Central Government	73.8
Cheshire Fire Authority	1.5
Total	147.7

- 2.16 The NDR Collection Fund in-year deficit for 2023/24 is £0.5m. The total carried forward deficit at 31st March 2024 totalled £8.2m, to be shared proportionately among preceptors during 2024/25.

NDR Collection Rates

- 2.17 **Table 4** demonstrates how collection continues to improve even after year end. The table shows how 99% of Non-Domestic Rates are collected within three years.

Table 4 – 99% of Business Rates are collected within three years

Financial Year	CEC Cumulative			
	2020/21 %	2021/22 %	2022/23 %	2023/24 %
After 1 year	92.4	95.6	98.2	97.7
After 2 years	97.4	98.3	98.7	**
After 3 years	99.0	99.2	**	**

***data not yet available*

2.18 The Non-Domestic Rates in-year collection rate for the period up to 31st March 2024 is 97.7%. This is a small decrease on last year, contributed to the rise in inflation and energy costs, however, it is still expected to achieve the 99% collection rate target after three years.

Finance Sub-Committee

3. Corporate Grants Register

Government Grant Funding of Local Expenditure

1. Cheshire East Council receives two main types of Government grants; specific purpose grants and general use grants. The overall total of Government grant budgeted for in 2023/24 was £301.2m.
2. In 2023/24, Cheshire East Council's specific purpose grants held within the services was budgeted to be £274.4m, based on Government announcements to February 2023.
3. Since Financial Review 3 there has been a decrease in specific purpose grants of £1.4m to £293.7m.
4. £11.1m of Business Rates Reliefs Compensation 2023/24 grant was used to support the NNDR funding in 2023/24 and the remaining £9.9m was taken to the Collection Fund reserve.
5. Spending in relation to specific purpose grants must be in line with the purpose for which it is provided.
6. General use grants were budgeted to be £49.0m at Financial Review 3. This forecast position has decreased to £27.5m at Outturn and is mainly due to a transfer of £21.0m transfer of Business Rates Relief Compensation Grant to reserves.
7. **Table 1** provides a summary of the updated forecast position for grants in 2023/24 by type and service.
8. Further details of general use grants are shown in **Table 2**, the Corporate Grants Register.
9. **Table 3** shows additional general use grant allocations that have been received which are £500,000 or less and are for noting only.

Table 1 – CORPORATE GRANTS REGISTER

Grants 2023/24	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast FR3
	2023/24 £m	2023/24 £m	2023/24 £m	2023/24 £m
SPECIFIC PURPOSE				
Children and Families	187.7	184.0	184.8	0.8
Adults and Health	36.6	44.4	43.9	(0.4)
Economy and Growth	2.6	7.3	7.8	0.5
Environment and Communities	0.2	1.7	0.8	(0.9)
Highways and Transport	0.0	3.4	1.4	(2.1)
Corporate Policy	47.3	54.3	55.1	0.8
TOTAL SPECIFIC PURPOSE	274.4	295.1	293.7	(1.4)
GENERAL USE				
Children and Families	6.9	7.4	7.4	(0.0)
Adults and Health	12.8	12.8	12.8	(0.0)
Economy and Growth	0.0	0.0	0.0	0.0
Environment and Communities	0.0	0.0	0.0	0.0
Highways and Transport	0.0	0.0	0.0	0.0
Corporate Policy	7.1	28.8	18.4	(10.4)
TOTAL GENERAL USE	26.8	49.0	38.7	(10.4)
TOTAL GRANT FUNDING	301.2	344.1	332.4	(11.7)
Source: Cheshire East Finance				

Table 2 – CORPORATE GRANTS REGISTER – GENERAL USE GRANTS

General Use Grants 2023/24 (Held Corporately)	Original Budget	Revised Forecast FR3	Final Outturn	Change from Revised Forecast	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	
CHILDREN & FAMILIES					
Social Care Support Grant (Children)	6,939	6,939	6,939	-0	
Staying Put Implementation Grant	0	130	130	0	
Extended Rights to Free Transport (Home to School Transport)	0	256	256	0	
Extended Personal Adviser Duty Implementation	0	57	57	0	
Extension of the role of Virtual School Heads	0	61	61	0	
Total Children & Families Committee	6,939	7,443	7,443	-0	
ADULTS & HEALTH					
Social Care Support Grant (Adults)	12,426	12,426	12,426	-0	
Local Reform & Community Voices	207	207	208	1	
Social Care in Prisons	73	73	63	-10	
War Pension Scheme Disregard	60	60	58	-2	
Total Adults & Health Committee	12,766	12,766	12,754	-12	
HIGHWAYS & TRANSPORT					
Pavement Licensing - New Burdens	0	13	13	0	
Total Highways & Transport Committee	0	13	13	0	
CORPORATE POLICY					
Revenue Support Grant	388	388	388	0	
Housing Benefit Administration Subsidy	626	741	741	0	
NNDR Administration Allowance	587	578	578	0	
New Homes Bonus	3,794	3,794	3,794	0	
Services Grant	1,720	1,720	1,720	0	
Council Tax Support Fund	0	521	0	-521	
Council Tax Support New Burdens	0	25	25	0	
Local Government Transparency Code	0	0	13	13	SRE
Debt Charges (Ministry of Justice)	0	0	40	40	
Business Rates Reliefs Compensation Grant 2023/24	0	21,039	11,149	-9,890	
Total Corporate Policy Committee	7,115	28,807	18,449	-10,358	
TOTAL	26,820	49,029	38,659	-10,370	

Table 3 – DECISION DELEGATED TO OFFICERS

Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (General Use) £500,000 or less

Committee	Year	Type of Grant	£000	Details
Children and Families – Children’s Services	2024/25	Extended Rights to Free Transport (Home to School Transport) (General Use)	324	This funding is from the Department for Education. The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools further from home than the statutory walking distances. The funding is paid as a non-ring-fenced grant paid via the Department for Communities and Local Government under the Local Services Support Grant (section 31 of the Local Government Act 2003).
Corporate Policy	2023/24	Local Government Transparency Code (General Use)	13	This grant is from the Department for Levelling Up, Housing and Communities. New burdens in relation to the Council’s obligation to publish information in line with the Government’s Transparency Code 2014. This grant has been received since the requirements came into effect but has not been allocated to Compliance and Customer Relations.
Corporate Policy	2024/25	Electoral Integrity New Burdens (General Use)	26	Grant relates to financial year 2024/25. This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). The purpose of the grant is to provide support to local authorities towards expenditure lawfully incurred or to be incurred by them in the implementation of the Elections Act 2022. The changes are being implemented by the Electoral Services Team and this funding needs to be allocated to the relevant

Committee	Year	Type of Grant	£000	Details
				cost code within that service to ensure the changes can be implemented and the requirements of the legislation met.
Total Specific Purpose Allocations less than £500,000				

Finance Sub-Committee

4. Debt Management

- 4.1 Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £1.3m since Third Financial Review (end of October 2023).
- 4.2 Annually, the Council raises invoices with a total value of over £80m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.
- 4.3 The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
- 4.4 The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor).
- 4.5 After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of March 2024 was £17.0m.

- 4.6 The total amount of service debt over six months old is £9.8m; provision of £6.8m has been made to cover doubtful debt in the event that it needs to be written off.

DEBT SUMMARY as at 31st March 2024

	Outstanding Debt £000	Over 6 months old £000
Adults and Health Committee		
Adults, Public Health and Communities	13,691	8,556
Children and Families Committee		
Children's Social Care (Incl. Directorate)	219	0
Prevention and Early Help	141	(5)
Schools	24	(1)
Highways and Transport Committee		
Highways and Infrastructure	1,598	678
Economy and Growth Committee		
Growth and Enterprise	581	328
Environment and Communities Committee		
Environment and Neighbourhood Services	384	189
Corporate Policy Committee		
Finance and Customer Services	111	73
Governance and Compliance	20	1
Human Resources	3	-
ICT	184	1
	16,956	9,822

Finance Sub-Committee

5. Capital Strategy

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

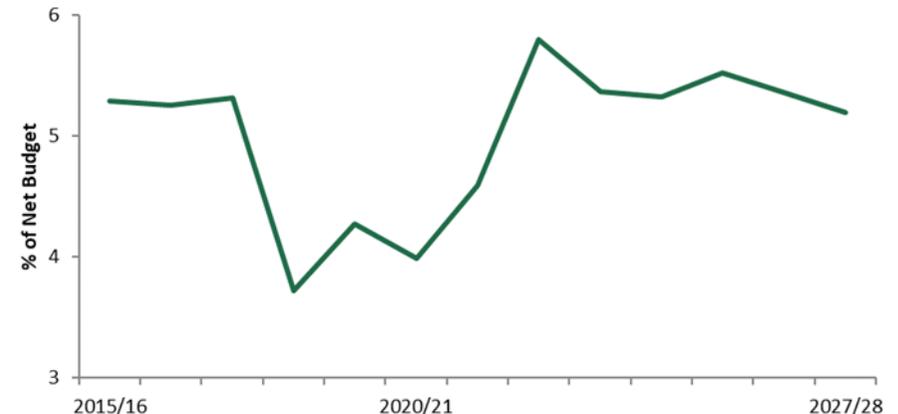
Parameter	Value (£m)			
	2023/24	2024/25	2025/26	2026/27
Repayment of Borrowing				
Minimum Revenue Provision*	17.5	18.7	23.4	25.3
External Loan Interest	14.3	16.1	15.7	14.6
Investment Income	(3.8)	(2.4)	(1.9)	(1.5)
Contributions from Services Revenue Budgets	(1.2)	(1.3)	(1.9)	(2.8)
Total Capital Financing Costs	26.8	31.1	35.3	35.6
Use of Financing EMR	(7.9)	(2.5)	(0)	(0)
Actual CFB in MTFS	19.0	28.5	21.0	22.0
Budget Deficit	(0)	(0)	14.3	13.6
Capital Receipts targets*	1.0	1.0	1.0	1.0
Flexible use of Capital Receipts	0	0	0	0

*Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

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

Chart 3: Capital Financing as a percentage of Net Budget



5.3 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is reported as part of the MTFS report and Outturn report. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

5.4 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works.

5.5 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. However, to avoid some disproportionately high short-term rates, which peaked around 7% in late March 2024, a number of PWLB loans were taken during March 2024

Contributions from Services

5.6 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium Term Financial Strategy (MTFS).

5.7 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.

5.8 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either

from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to funding such costs must be approved as part of the business planning process before the scheme can commence.

5.9 The Council's strategy is to use revenue contributions where possible to the Capital Programme to reduce the overall Capital Financing Budget.

Use of Financing Earmarked Reserve

5.10 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.

5.11 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any variance to the Capital Finance Budget (CFB) within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. As part of the 2024-28 MTFS there is a proposal to utilise £3.1m in 2024/25 from the reserve to cover future capital financing commitments.

5.12 As the Financing Earmarked Reserve will be fully drawn in 2024/25, the Capital Financing Budget will either have to be increased from the General Fund Balance or the capital programme and future borrowing will need to be drastically reduced to enable the Council to remain within budget.

Capital Programme – Review Position

5.13 Since the Financial review was reported to the Finance Sub Committee for third review, the capital programme has increased by £27.2m. This is mainly due to the receipt of additional High Needs capital grants totalling £22.4m from the

DFE (including £16.6m HNPFC Safety Valve) together with £2m for Local Electric Vehicle Infrastructure and £3m In respect of Network North.

5.14 Further work is ongoing to see if schemes can be deferred further into the future or even removed from the programme altogether, as the Capital Financing budget for 2023/24 is still showing a pressure of over the period of the MTFS which includes the interest paid on borrowing cash to fund capital expenditure. Any reduction in capital expenditure would improve that overspend position and reduce the need to borrow when rates are still high.

Table 2: Summary Capital Programme

CAPITAL PROGRAMME 2023/24 - 2026/27					
	Actuals 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Forecast 2024-27
	£000	£000	£000	£000	£000
Adults, Health and Integration	83	800	0	0	883
Children and Families	28,967	56,258	32,102	12,269	129,596
Highways & Transport	57,380	66,448	51,415	154,623	329,866
Economy & Growth	38,983	92,596	67,594	22,312	221,485
Environment & Communities	5,611	14,571	17,444	1,425	39,052
Corporate	5,913	14,797	6,498	2,524	29,732
Total	136,937	245,470	175,053	193,153	750,613

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

5.16 **Table 4** details the delegated decision of Supplementary Capital estimates and Capital Budget Virements that have been made up to £500,000.

5.17 **Table 5** lists details of Capital Supplementary Estimates over £500,000 and up to £1,000,000 and Capital Virements over £500,000 and up to and including £5,000,000 that requires Committee to approve.

5.18 **Table 6** lists details of Capital Supplementary Estimates over £1,000,000 and Capital Virements over £5,000,000 that requires Finance Sub Committee to make a recommendation to Council to approve.

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

5.20 Prudential Indicators are shown at the end of this section.

Table 3: Capital Programme Update

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY					
CAPITAL PROGRAMME 2023/24 - 2026/27					
	Actuals 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Total Forecast 2024-27 £000
Committed Schemes - In					
Adults and Health	83	800	0	0	883
Children and Families	28,967	46,135	25,602	10,769	111,473
Highways & Transport	56,676	37,184	28,355	139,572	261,787
Economy & Growth	38,008	90,862	64,594	18,471	211,935
Environment & Communities	5,105	9,706	13,047	1,425	29,284
Corporate	5,468	13,689	6,498	2,524	28,179
Total Committed Schemes - In	134,307	198,376	138,096	172,761	643,540
CAPITAL PROGRAMME 2023/24 - 2026/27					
	Actuals 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Total Forecast 2024-27 £000
New Schemes					
Adults and Health	0	0	0	0	0
Children and Families	0	10,123	6,500	1,500	18,123
Highways & Transport	704	29,264	23,060	15,051	68,079
Economy & Growth	975	1,734	3,000	3,841	9,550
Environment & Communities	506	4,865	4,397	0	9,768
Corporate	445	1,108	0	0	1,553
Total New Schemes	2,630	47,094	36,957	20,392	107,073
Total	136,937	245,470	175,053	193,153	750,613

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2023/24 - 2026/27

	Actuals 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Total Forecast 2024-27 £000
Funding Requirement					
Indicative Funding Analysis:					
(See note 1)					
Government Grants	61,193	152,904	63,251	124,139	401,487
External Contributions	8,837	36,821	31,155	43,791	120,604
Revenue Contributions	1,337	1,541	218	434	3,530
Capital Receipts	90	2,061	31,810	1,720	35,681
Prudential Borrowing (See note 2)	65,480	52,143	48,619	23,069	189,311
Total	136,937	245,470	175,053	193,153	750,613

Note 1:

The funding requirement identified in the above table does not currently represent a balanced and affordable position, in the medium term. The Council will need to transform the capital programme to reduce the number of schemes requiring Cheshire East Resources and the need to borrow whilst interest rates are at the current levels of 5.0%+. The level of capital receipts are based on a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

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

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

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Supplementary Capital Estimates that have been made up to £500,000		
Children and Families		
School Condition Grant	402,082	MTFS Capital included £2,000,000 estimate for 24-25 School Condition Grant. This has confirmed to be £2,402,082, an additional £402,802.
Economy & Growth		
Facilities Management		
Public Sector Decarbonisation Fund - FM 3	449	To increase budget to take in to consideration the grant received is higher Match funding for the Public Sector Decarbonisation Programme,
PSDS - 3B - Lot 3 (schools)	108,532	
Housing		
Disabled Facilities	284,829	To increase the budget to incorporate the contributions made towards the in-year costs.
Home Repairs Vulnerable People	21,112	
Green Homes Grant	2,320	
Sustainable Warmth - Home Upgrade Grant	49,549	
Green Infrastructure		
Cattle Handling Facility - Oakwood Farm	177,084	Revenue contributions to cover the in-year cost of works.
Environment & Communities		
Environment Services		
Arnold Rhodes Public Open Space Improvements Phase 2	1,320	To increase the approved budgets to fund in-year expenditure - fully funded by S106 contributions.
Little Lindow Open Space Improvements	181	To increase the approved budget to a total amount of £120.452, the increase is fully funded by a S106 contribution
West Park Open Space & Sports Improvements	82,406	
Leisure Services		
Congleton Leisure Centre	20,000	Additional S106 contribution to part fund the Skate Park Facility at Congleton Leisure Centre
Environmental Health		
Replacement CCTV Cameras	293	Increase in budget required to cover in -year overspend. Project is now complete

Highways & Transport

Infrastructure

Future High Street Funding - Earle Street Link	2,715	The Future High Street Funding element on this project has been exhausted, budget increase to incorporate S106 funds available to fund the additional expenditure to date.
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Highways

West Street, Crewe	501	Project funded by Developer Deposit, additional budget relates to the interest earned and applied to the deposit
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Tytherington Lane, Macclesfield S106 - Traffic Calming Measures	5,844	To add additional S106 funding to cover the costs to the project.
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Bollin Valley / Greater Bollin Trail	100,000	Schemes with allocations from the UK Shared Prosperity Fund.
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A538 Waters Roundabout Pedestrian and Cyclist Crossing	140,000
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Park Lane – Ayrshire Way, Congleton Walking and Cycling	250,000
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Total Supplementary Capital Estimates Requested	1,649,217
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Capital Budget Virements that have been made up to £500,000**Children & Families****Education and 14-19 Skills**

Adelaide Academy	50,000	Virement form High Needs Funding 24-25 to increase current scheme to allow for additional SEN places
SEN New Free School	498,895	Virement from SEN Free School 1 to SEN New Free School project
SEN New Free School	499,200	Virement from SEN Free School 2 to SEN New Free School project
PSDS Schemes	167,777	Additional virement from School Condition Grant to Facilities Management to match fund PSDS schemes
Mobberley Primary School	250,000	Virement form High Needs Funding 24-25 to named project
School Condition projects	12,821	Virements to three school condition projects at outturn to cover additional costs to completion
High Needs projects	19,377	Funds to be returned to High Needs on closure of project
Congleton planning area	50,620	Virement from Basic Needs to support balance of costs on completion of project
Park Lane Expansion	18,000	Virement of surplus Special Provision Grant and s106 on completion of two projects to Park Lane expansion project to cover balance of costs on completion
Basic Need projects	31,880	Virements on completion of 3 projects to match in year spend with balance being returned to Basic Need

Economy & Growth**Facilities Management**

Schools Capital Maintenance	191,515	Virement from School Condition Grant to cover expenditure in relation to Rode Heath Primary School.
Macclesfield Indoor Market Toilet Refurbishment	6,087	Virement from Premises Capital as agreed to cover final account.
PSDS - 3B - Lot 3 (schools)		Virements from Children & Families as match funding for the Public Sector Decarbonisation Programme:
	167,777	Funded by School Condition Grant
	33,513	Funded by Devolved Formula Capital grant
	16,876	Funded by Energy Efficiency Capital grant
Public Sector Decarbonisation Fund - FM 1	31,986	To re-align the Public Sector Decarbonisation Fund budgets, to match where the expenditure was incurred.
Public Sector Decarbonisation Fund - FM 1	22,247	Virement from Premises Capital budget to fund costs coded here but not funded by the claims from PSDS.
Public Sector Decarbonisation Fund - FM 2	66,569	

Environment Services		
Pitch Improvements - Alderley Edge Park and Chorley Hall Lane Playing Fields	4,201	To increase the approved budget to fund in-year expenditure - contribution vired from the park Development Fund
Future High Street Funding - Sustainable Energy Netv	63,333	To re-align the Public Sector Decarbonisation Fund budgets, to match where the expenditure was incurred.
Leisure Services		
Congleton Leisure Centre	120,211	Virement from the Premises Capital budget as agreed to cover remedial works.
Highways		
West Street, Crewe	4,077	Project funding shortfall to be funded by Department for Transport grant originally allocated to Public Transport Infrastructure.
Sustainable Modes of Travel to Schools Strategy (SM	10,751	Project funding shortfall to be funded by Department for Transport grant originally allocated to Active Travel (Cycling / Walking Route) Investment.
Programme Management	17,986	Virements at Outturn to cover overspends.
Bridge Maintenance Minor Wks	167,617	
Crewe Green Link Road	10,323	Virement from "Client Contract and Asset Management" project to cover overspend.
Corporate Services		
Digital Customer - Delivery Programme Phase 1	2,000	Virement from the Digital Customer Enablement project to cover in-year expenditure as there was insufficient budget to cover all the costs. The scheme is now complete.
Unified Communications Project	44,955	Virement from the Infrastructure Investment Programme (IIP) to cover in-year expenditure as there was insufficient budget to cover all the costs. The scheme is now complete.
Total Capital Budget Virements Approved	2,580,594	
Total Supplementary Capital Estimates and Virements	2,580,594	

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

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Service Committee are asked to approve the Supplementary Capital Estimates and Virements		
Supplementary Capital Estimates above £500,000 up to and including £1,000,000		
Highways & Transport		
Transport		
Active Travel Fund Tranche 4E	673,786	Active Travel Fund payment for the middle section of the Manchester Road scheme between Wilmslow and Handforth.
Total Supplementary Capital Estimates Requested		673,786
Capital Budget Virements above £500,000 up to and including £5,000,000		
Education and 14-19 Skills		
Springfield Satellite Site (Dean Row)	594,989	Public Sector Decarbonisation works in connection to Dean Row part of a large scheme, necessitating the transfer of the relevant budget and grant.
HNPCF - 2024 allocation	1,125,000	Virement from High Needs Funding 24-25 to new capital projects
Nantwich Planning area	1,200,000	Virement from Basic Needs Funding 24-25 to increase budget for new Nantwich primary school
School condition projects	1,167,201	Virement from Childrens to Facilities Management for 24-25 school condition projects to be undertaken by Facilities Management
Total Capital Virements requested		4,087,190
Total Supplementary Capital Estimates and Virements		4,760,976

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

Committee	Amount Requested £	Reason and Funding Source
Finance Sub Committee are to approve the Capital Virements and SCEs		
Supplementary Capital SCEs over £1,000,000		
Education and 14-19 Skills		
Safety Valve High Needs Funding allocation 24-25	16,574,250	Additional funding awarded to support SEN capital schemes as part of Safety Value support from DFE
Additional High Needs allocation for 23-24	4,125,537	Additional High Needs Capital funding awarded by DFE for 23-24 in March 24 not included within the MTFS
High Needs allocation for 24-25	1,677,718	New High Needs Capital funding awarded by DFE for 24-25 in March 24 not included in the MTFS
Highways & Transport		
Transport		
LEVI Capital Fund 23/24	2,172,000	Grant funding received in respect of the Local Electric Vehicle Infrastructure (LEVI) fund.
Network North	3,316,000	Additional allocation of funding via the Network North initiative.
Total Supplementary Capital Estimates Requested	27,865,505	
Supplementary Capital Virements over £5,000,000		
Education and 14-19 Skills		
HNPCF - Safety Valve Capital Schemes	16,000,000	Virement from Safety Valve High Needs Funding to the specified capital projects approved within the funding allocation.
Total Supplementary Capital Virements Requested	16,000,000	
Total Supplementary Capital Estimates and Virements	43,865,505	

Table 7: Capital Budget Reductions

Committee / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Finance Sub Committee are asked to note the reductions in Approved Budgets				
Environment & Communities				
Environment Services				
Future high Street Funding - Centralised Budget	32,302,627	32,292,627	(10,000)	Allocation from UK Shared Prosperity Fund not as high as added to the budget.
Park Development Fund	873,664	871,264	(2,400)	Budget reduction - need to fund the shortfall in funding on Barony Skate Part from FCC
Longridge Contaminated Land	22,000	0	(22,000)	Duplicate scheme approved in the MTFs, budget is already approved in the Shaw Heath Recreation Ground project
West Park, Macclesfield	102,102	0	(102,102)	Duplicate scheme approved in the MTFs, budget is already approved in the West Park Open Space & Sports Improvements project
Highways & Transport				
Transport				
Sustainable Travel Access Programme	3,495,944	2,948,811	(547,133)	Due to the reduced scope of this project, the Cheshire East and S106 funding is no longer required, the remaining forecast cost of the scheme will be covered by grant.
36,796,337 36,112,702 (683,635)				

Prudential Indicators revisions to: 2022/23 and 2023/24 – 2025/26, and future years

Background

5.23 There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities (the “CIPFA Prudential Code”) when setting and reviewing their Prudential Indicators.

Estimates of Capital Expenditure

5.24 In 2023/24, the Council spent £136.9m on capital expenditure as summarised below.

Capital Expenditure	2022/23 Actual £m	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	Future years £m
Total	116.4	136.9	242.5	175.1	193.2

Source: Cheshire East Finance

Capital Financing

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

Capital Financing	2022/23 Actual £m	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	Future years £m
Capital receipts	1.0	0.1	2.1	31.8	1.7
Government Grants	47.1	61.2	152.9	63.3	124.1
External Contributions	6.7	8.8	36.8	31.2	43.8
Revenue Contributions	1.2	1.3	1.5	0.2	0.4
Total Financing	56.0	71.5	193.3	126.4	170.1
Prudential Borrowing	60.4	65.5	52.1	48.6	23.1
Total Funding	60.4	65.5	52.1	48.6	23.1
Total Financing and Funding	116.4	136.9	245.5	175.1	193.2

Source: Cheshire East Finance

Replacement of debt finance

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

Replacement of debt finance	2022/23 Actual £m	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Total	15.0	17.5	18.7	23.5	25.3

Source: Cheshire East Finance

Estimates of Capital Financing Requirement

5.27 The Council’s cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This

increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement	2022/23 Actual £m	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Total	467	514	528	556	539

Source: Cheshire East Finance

Asset disposals

5.28 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council received £3.5m of capital receipts from asset sales in 2023/24 and plans to receive a further £3.6m in future years.

Capital Receipts	2022/23 Actual £m	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Asset Sales	4.3	3.4	1.0	1.0	1.0
Loans Repaid	0.6	0.1	0.2	0.2	0.2
Total	4.9	3.5	1.2	1.2	1.2

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

5.29 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting and the Council therefore seeks to strike a balance between cheap short term loans (currently available at around 5.25% but expected to reduce in the medium term) and long

term fixed rate loans where the future cost is known but fixed for a longer period (currently 4.9%– 5.4%).

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

Gross Debt and the Capital Financing Requirement	2022/23 Actual £m	2023/24 Actuals £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Borrowing	261	337	402	467	532
PFI Liabilities	19	18	17	17	15
Total Debt	280	355	419	484	547
Capital Financing Req.	467	514	528	556	539

Source: Cheshire East Finance

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

Liability Benchmark

5.32 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year end. This benchmark is currently £239m and is forecast to rise to £355m over the next four years.

Borrowing and the Liability Benchmark	2022/23 Actual	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m
Outstanding Debt	261	337	402	467	532
Liability Benchmark	239	302	328	362	355

Source: Cheshire East Finance

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

Affordable borrowing limit

5.34 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit
	£m	£m	£m	£m
Authorised Limit for Borrowing	480	540	570	590
Authorised Limit for Other Long-Term Liabilities	19	18	17	17
Authorised Limit for External Debt	499	558	587	607
Operational Boundary for Borrowing	470	530	560	580
Operational Boundary for Other Long-Term Liabilities	19	18	17	17
Operational Boundary for External Debt	489	548	577	597

Source: Cheshire East Finance

Investment Strategy

- 5.35 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 5.36 The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	31/03/23 Actual	31/03/24 Actuals	31/03/25 Estimate	31/03/26 Estimate	31/03/27 Estimate
	£m	£m	£m	£m	£m
Short term	32	22	20	20	20
Long term	20	20	20	20	20
Total Investments	52	42	40	40	40

Source: Cheshire East Finance

- 5.37 Further details on treasury investments are in pages of the Treasury Management Strategy, **Appendix 8**.
- 5.38 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance Update reports. The Audit and Governance

Committee is responsible for scrutinising treasury management decisions.

- 5.39 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Appendix 9.**
- 5.40 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by an investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Ratio of Financing Costs to Net Revenue Stream	31/03/23 Actual	31/03/24 Actual	31/03/25 Estimate	31/03/26 Estimate	31/03/27 Estimate
Financing Costs (£m)	19.0	19.0	28.5	21.0	22.0
Proportion of net revenue stream %	5.80	5.38	7.60	5.59	5.85

Source: Cheshire East Finance

- 5.41 Due to the very long term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is reviewing the proposed capital programme to ensure it remains prudent, affordable and sustainable. The longer term revenue implications have been considered and built into the revenue budget forecasts post the period of the current Medium Term Financial Strategy.

Finance Sub-Committee

6. Reserves Strategy

Management of Council Reserves

- 6.1 The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
- 6.2 The opening balance at 1st April 2023 in the Council's General Fund Reserves was £14.1m, as published in the Council's Statement of Accounts for 2022/23.
- 6.3 During the MTFS budget setting process, it was forecast that £13m would be required to be drawn down from the General Fund Reserve to support the 2023/24 in-year deficit.
- 6.4 The final outturn position for 2023/24 required an £8.5m contribution from the Council's General Fund Reserve to support the in-year deficit, resulting in a closing balance at 31st March 2024 of £5.6m.
- 6.5 The current balance on reserves is insufficient in order to provide adequate protection against established and newly emerging risks, such as inflation and particularly the DSG deficit, which currently stands at £78.6m, and was highlighted in the MTFS as having no alternative funding.
- 6.6 The Council also maintains Earmarked Revenue Reserves for specific purposes. During 2023/24, a net total of £29.3m was drawn down from Earmarked Reserves and applied to fund the service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding. The closing balance at 31st March 2024 was £32.3m, excluding balances held by schools.
- 6.7 Unspent schools' budgets that have been delegated, as laid down in the Schools Standards Framework Act 1998, remain at the disposal of the school and are not available to the Council to use.
- 6.8 At the end of 2018/19, a central contingency referred to as the MTFS (Medium Term Financial Strategy) Reserve was created to support in-year pressures against the revenue budget. Use of this Earmarked Reserve has been subject to approval of robust business cases.
- 6.9 At 1st April 2023, the opening balance on the MTFS reserve stood at £5.1m. During 2023/24, net drawdowns of £2.2m from this reserve have been utilised to support the revenue budget, resulting in a closing balance at 31st March 2024 of £2.9m.

Table 1 - Reserves Position

	£m
General Reserves	5.6
Earmarked Reserves (Excluding Schools)	32.3
Total Reserves Balance at 31st March	37.9

Table 2 – Earmarked Reserves Summary

Earmarked Reserves Summary

Committee Reserves	Opening Balance 1 April 2023	Forecast Movement in Reserves 2023/24	Forecast Closing Balance 31 March 2024
	£000	£000	£000
Adults and Health Committee	7,082	(1,856)	5,226
Children and Families Committee	3,374	(1,650)	1,724
Corporate Policy Committee	45,549	(24,776)	20,773
Economy and Growth Committee	3,109	(332)	2,777
Environment and Communities Committee	994	(124)	870
Highways and Transport Committee	1,486	(578)	908
TOTAL EARMARKED RESERVES MOVEMENT	61,594	(29,316)	32,278

**Excluding schools' balances*

6.10 Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is ring-fenced funding received for: schools; high needs / special educational needs; and early years provision. In recent years there has been a pressure on the DSG high needs block where funding has not kept pace with the increasing numbers and cost of children with an education, health and care plan (EHCP). This has created a deficit DSG reserve balance which is held in an unusable reserve. The on-going pressure is regularly reviewed; the in-year deficit of £31.7m has increased the overall position to a deficit of £78.6m at the end of 2023/24.

This was an improvement on the forecast due to a lower EHCP growth rate. The in-year deficit in 2024/25 is currently forecast at £51.3m, increasing the total deficit balance to £129.9m.

Table 3 – DSG Deficit

Dedicated Schools Grant Deficit	£m
Deficit Balance B/F	46.9
Additional In-year Pressures	31.7
Deficit Balance at 31st March 2024	78.6

Appendix 7a: Treasury Management Strategy

1. Background

1. Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management. The Treasury Management Strategy for 2023/24 was approved at Council on 22nd February 2023.
2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
3. Investments held for service purposes or for commercial profit are considered in the Investment Appendix (see **Appendix 7b**).
- 4.

2. External Context

5. **Economic background:** UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in February, but was still above the Bank of England's 2% target at the end of the period. The core measure of CPI, i.e. excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months.
6. The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in Q1 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.
7. Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% in July 2023. The same month saw the highest annual growth rate of 8.5% for total pay (i.e. including bonuses) and 7.8% for regular pay growth (i.e. excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained above the Bank of England's forecast.

8. Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.
9. In the Bank's quarterly Monetary Policy Report (MPR) released in August 2023 the near-term projection for services price inflation was revised upwards, goods price inflation widespread across products, indicating stronger domestic inflationary pressure with second-round effects in domestic prices and wages likely taking longer to unwind than they did to emerge. In the February 2024 MPR the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in calendar H2 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.
10. Following the MPC meeting, Arlingclose, the authority's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in second half of 2024. The risks in the short-term are deemed to be to the downside as

a rate cut may come sooner than expected, but then more broadly balanced over the medium term.

11. The US Federal Reserve also pushed up rates over the period, reaching a peak range of between 5.25-5.50% in August 2023, where it has stayed since. US policymakers have maintained the relatively dovish stance from the December Federal Open Market Committee (FOMC) meeting and at the meeting in March, economic projections pointed to interest rates being cut by a total of 0.75% in 2024.
12. Following a similarly sharp upward trajectory, the European Central Bank hiked rates to historically high levels over period, pushing its main refinancing rate to 4.5% in September 2023, where it has remained. Economic growth in the region remains weak, with a potential recession on the cards, but inflation remains sticky and above the ECB's target, putting pressure on policymakers on how to balance these factors.
13. **Financial Markets:** Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October they started declining again before falling sharply in December as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started.
14. Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then

dropping to 3.44% in late December 2023 and rising again to 3.92% (28th March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31st March .

Annex A. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

15. **Credit Review:** In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.
16. Earlier in the period, S&P revised the UK sovereign outlook to stable and upgraded Barclays Bank to A+. Moody's also revised the UK outlook to stable, Handelsbanken's outlook to negative, downgraded five local authorities, and affirmed HSBC's outlook at stable while upgrading its Baseline Credit Assessment.
17. In the final quarter of the financial year, Fitch revised the outlook on the UK sovereign rating to stable from negative based on their assessment that the risks to the UK's public finances had decreased since its previous review in October 2022, the time of the mini- budget.
18. Heightened market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

Table 1: Balance Sheet Summary and Forecast

	31/03/23 Actual £m	31/03/24 Actual £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
General Fund CFR	467	514	528	556	539
Less: Other long-term liabilities *	(19)	(18)	(17)	(17)	(15)
Loans CFR	448	496	511	539	524
Less: External borrowing **	(261)	(337)	(402)	(467)	(532)
Internal (over) borrowing	187	159	109	72	(8)
Less: Usable reserves	(165)	(134)	(128)	(123)	(117)
Less: Working capital	(64)	(80)	(75)	(73)	(71)
New borrowing (or Investments)	(42)	(55)	(94)	(124)	(196)

Page 161

* finance leases and PFI liabilities that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing.

3. Local Context

19. As at 31 March 2024 the Authority has borrowings of £355m and investments of £42m. This is set out in further detail at

kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

20. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
21. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority expects to comply with this recommendation.
22. **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are

Table 2: Liability Benchmark

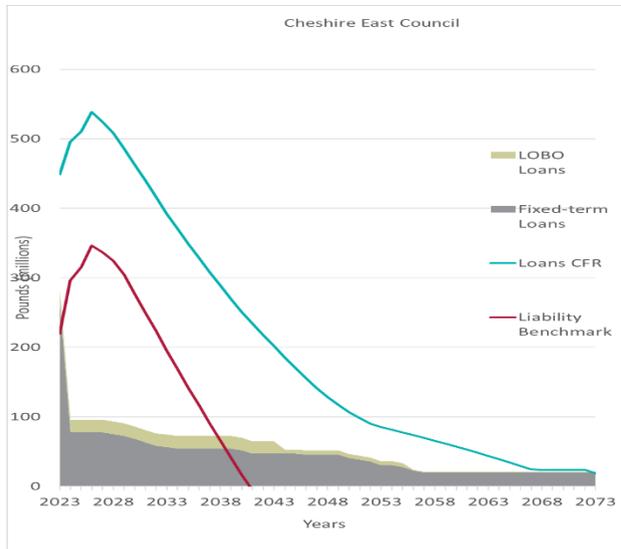
	31/03/23 Actual £m	31/03/24 Actual £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
Loans CFR	448	496	511	539	524
Less: Usable reserves	(165)	(134)	(128)	(123)	(117)
Less: Working capital	(64)	(80)	(75)	(73)	(71)
Plus: Minimum investments	20	20	20	20	20
Liability Benchmark	239	302	328	362	356

Page 162

minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in **Chart 1**.

23. Following on from the medium-term forecasts in table 2 above the long-term liability benchmark assumes

Chart 1: Liability Benchmark Chart



4. Borrowing Strategy

24. CIPFA’s 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

- 25. The Authority has not, and is not planning to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.
- 26. The Authority currently holds loans of £337m, an increase of £76m since 31 March 2023. The increase is primarily due to continued capital expenditure including use of grants received in advance and increasing Dedicated Schools Grant deficit.
- 27. The Authority’s chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority’s long term plans change being a secondary objective. The Authority’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 28. Interest rates have seen substantial rises over the last 2 years which has significantly increased the cost of borrowing. The expectation is that borrowing costs will start to fall later in 2024/25 and beyond.
- 29. The cost of short term borrowing from other local authorities has generally risen with Base Rate over the year. Interest rates peaked at around 7% towards the later part of March 2024 as many authorities required cash at the same time. These rates fell back to more normal market levels in April 2024. To avoid these

disproportionately high rates, a number of PWLB loans were taken in March 2024 totalling £100m. Of this £60m was borrowed for periods between 10 and 15 years at an average of 4.68%. This provides some surety of cost at lower than current short term rates. The remaining £40m was taken for 1.5 years at 5.33% with the expectation that it could then be refinanced at lower rates.

30. The application to Government for exceptional financial support, even though not used, has led to the Authority being removed from some potential lenders counterparty lists which did restrict availability of funds in March and may restrict future borrowing opportunities.
31. The cost of short term borrowing in 2023/24 was 4.82% (up from 1.66% in 2022/23). The average rate paid on all borrowing was 4.74%
32. **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS had options during 2023/24. In an increasing interest rate environment, some LOBO providers have exercised their options but this has not been the case with our loans. Discussions with the provider indicates that they are unlikely to change their position.

5. Investment Strategy

33. The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Due to the overriding need for short term borrowing, other than £20m invested strategically in managed funds, the investments are generally short term for liquidity purposes.
34. The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
35. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally credit rated banks and building societies have been set at a maximum value of £6m for unsecured investments and £12m for secured investments. Any limits also apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at a maximum value of £12m per fund. All potential counterparties are kept

under continual review by our treasury advisors and advisory lower limits than those contained in the strategy are applied.

36. Treasury Management income for 2023/24 is £3,080,000 which is higher than the budgeted £860,000. Due to rising interest rates borrowing costs are also higher than budgeted at £13,870,000 compared to budget of £4,520,000.

- The average daily investment balance including managed funds during 2023/24 is £59.2m
- The average annualized interest rate received on in-house investments during 2023/24 is 5.06%
- The average annualized interest rate received on the externally managed funds during 2023/24 is 5.51%

37. The Authority’s total average interest rate on all investments in 2023/24 is 5.21%. This return is below our own performance target of 5.53% (average Base Rate during 2023/24 + 0.50%) which is due to keeping investments short term to avoid unnecessary borrowing and returns on strategic funds not being as significantly above cash rates as they had been in previous years. However we do compare favourably to the Sterling Over Night Interest Average (SONIA) rate.

Table 3 – Interest Rate Comparison

Comparator	Average Rate 2023/24
Cheshire East	5.21%
SONIA	4.96%
Base Rate	5.03%
Target Rate	5.53%

38. As the Authority holds a large amount of reserves and working capital, £20m of this has been placed in strategic investments in order to benefit from higher income returns whilst spreading risk across different asset classes.

39. The investments are in five different funds which are all designed to give an annual income return between 4% and 5% but which have different underlying levels of volatility. By spreading investments across different types of fund, the intention is to dampen any large fluctuations in the underlying value of the investments.

Table 4 –Strategic Investments

Fund Manager	Asset Class	Invested £m	31/03/24 Value £m
CCLA	Property	7.5	7.2
Aegon	Multi Asset	5.0	4.6
Fidelity	Equity - Global	4.0	4.3
Schroders	Equity - UK	2.5	2.3

Fund Manager	Asset Class	Invested £m	31/03/24 Value £m
M & G	Bonds	1.0	0.9
TOTAL		20.0	19.3

40. The value of these investments does vary and has risen by £0.3m from last year. During 2023/24 the valuation of all funds has continued to be affected by higher inflation, and global economic uncertainties. All funds continue to deliver good levels of income return which although were not significantly higher than cash investments in 2023/24 are expected to remain at this level as interest rates on cash deposits fall in 2024/25 and beyond.

Instant Access Accounts	Average Rate %	£m
Money Market Funds	5.28	21.7
Bank Call Accounts	5.14	0.2

Externally Managed Funds	£m	
Total – see table 4	5.51	20.0

Summary of Current Investments	£m
TOTAL	41.9

Chart 2 – Current Investments by Counterparty Type

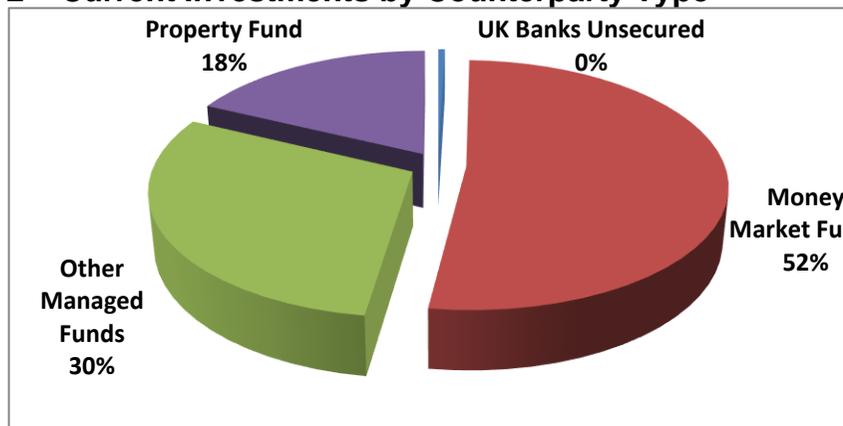
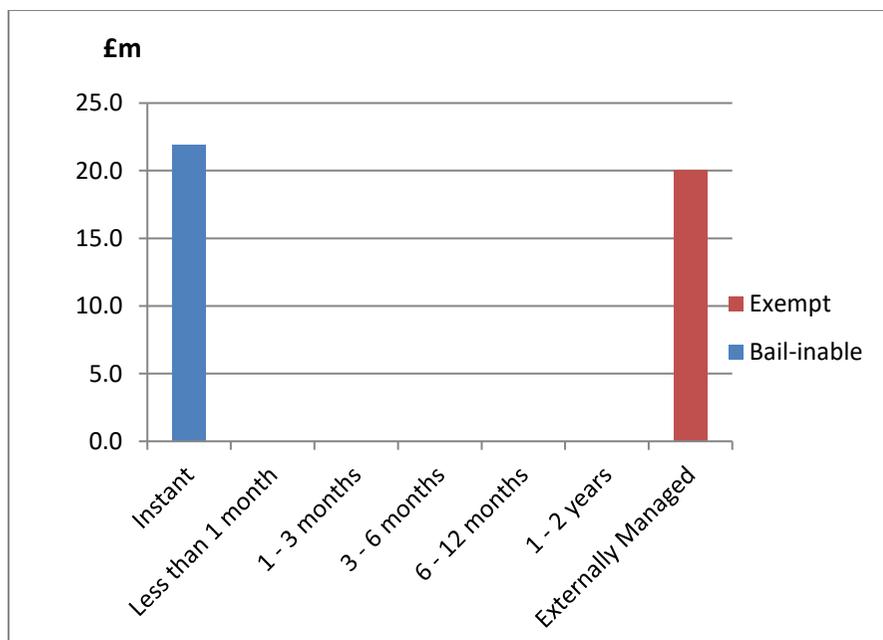


Chart 3 – Maturity Profile of Investments

Table 5 – Types of Investments and Interest Rates at 31 March 2024



Note: Bail-inable means that in the event of default the counterparty may be required to use part of the investments as their own capital in which case the Council would not get back as much as they invested. This would apply with most bank and Building Society investments.

6. Treasury Management Indicators

41. The Authority measures and manages its exposures to treasury management risks using the following indicators.

42. **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limit on the one-year revenue impact of a 1% rise in interest rates is:

43. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. Rates have increased during 2023/24 but some of this was anticipated when setting the budget and Treasury Management Strategy for 2023/24. Borrowing rates were 0.82% higher than budgeted. The impact shown below is higher than the upper limit due to increased levels of borrowing.

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£740,000
Actual impact in 2023/24 of changes in interest rates compared to budget	£1,290,000

44. **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. Lower limits have been set at 0%. The upper limits on the maturity structure of borrowing and the actual maturity profiles as at 31 March 2024 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	47%
12 months and within 24 months	75%	15%
24 months and within 5 years	75%	6%
5 years and within 10 years	75%	15%
10 years and within 20 years	100%	8%
20 years and above	100%	9%

Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

45. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.
46. **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2023/24	2024/25	2025/26
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Annex A: Existing Investment & Debt Portfolio Position

	31/03/24 Actual Portfolio £m	31/03/24 Average Rate for the year %
External Borrowing:		
PWLB – Fixed Rate	160	4.55%
Local Authorities	157	4.81%
LOBO Loans	17	4.63%
Other	3	5.03%
Total External Borrowing	337	4.74%
Other Long Term Liabilities:		
PFI	18	-
Total Gross External Debt	355	-
Investments:		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	22	5.06%
<i>Managed externally</i>		

Property Fund	7.5	5.05%
Multi Asset Fund	5	5.84%
Equity - Global	4	5.62%
Equity - UK	2.5	6.68%
Bonds	1	3.92%
Total Investments	42	5.21%
Net Debt	313	-

Appendix 7b: Investment Strategy

1. Purpose

not covered by the Capital Strategy and Treasury Management Strategy.

- 1.1 The purpose of the Investment Strategy is to:
 - set out the Council’s approach to managing investments
 - establish financial limits for various classifications of investment
 - recognise the role and responsibilities of the Finance Sub-Committee and its position as the main conduit through which investment opportunities should be considered
- 1.2 The definition of an **investment** covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.
- 1.3 The Council has a Capital Strategy (prepared in line with the requirements of the Prudential Code); and a Treasury Management Strategy (prepared in line with the requirements of the Treasury Management Code) – relevant disclosures are made within each document.
- 1.4 Consequently, this Investment Strategy is part of a suite of related documents and focuses predominantly on matters

Statutory Background

- 1.5 On 2 February 2018 the Department for Levelling Up, Housing and Communities (DLUHC) (formerly MHCLG) published updated statutory guidance on capital finance, in respect of Local Government investments and the minimum revenue provision. The guidance may be found at:
<https://assets.publishing.service.gov.uk/>
- 1.6 The guidance was issued to reflect concerns raised by government over patterns of local authority behaviour particularly with respect to the exponential increase in borrowing to invest in commercial properties and other investments where a return was a primary aim. There was concern that local authorities were being exposed to high levels of financial risk through borrowing and investment decisions and that could have a detrimental impact on services if investments did not perform as expected. The requirement to produce this annual Investment Strategy, to be approved by Full Council, was an attempt to recognise this and ensure that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.
- 1.7 Further changes came with government effectively prohibiting the future purchase of commercial assets primarily for generating yield. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) will not advance any lending to the Authority. It is clear therefore that yield should be an incidental, rather than the principal factor, in any future decision to acquire an investment asset.
- 1.8 In December 2021 CIPFA issued a revised Prudential Code which placed further limitations on the ability of Local Authorities to borrow and invest.
- 1.9 The new Code incorporated updated and revised content in respect of Authorities not borrowing more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. It strengthened previous guidance that authorities “must not borrow to invest primarily for financial return”. This included any form of borrowing whether it be public or private sector. In addition, it included proportionality as an objective in the Prudential Code; and further provisions were included so that an Authority considered an assessment of risk to levels of resources.
- 1.10 The code is clear to make the distinction between the normal activities that a Council should undertake and those which will expose it to greater risk and uncertainty. Three investment categories have been recognised and they are reflected in this Authority’s definition and presentation of investment information.
- 1.11 It has been the need to diversify and grow revenue income sources to meet growing service pressures and the availability of cheap borrowings that has fuelled the growth in local authority investments. The significant challenges of the last three years has seen the investment decisions of several local authorities come under scrutiny along with

some high-profile failures and indebtedness and risky investment strategies have been contributory factors. These have vindicated the regulators cautionary approach and reinforced to stakeholders that investments come with risk and real consequences when they go wrong.

- 1.12 More than ever Members need to ensure that they are fully informed and capable of making decisions on investments particularly in areas that are far removed from normal Council activities and area of expertise.

Introduction

- 1.13 The Authority invests its money for three broad purposes, and these are reflected in the revised Prudential Code:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.14 Often there may be a crossover of purposes for investments within the Authority. Whilst a return may be a by-product of an investment this is rarely the overriding reason for making or retaining an investment. It will normally be linked to other long term strategic or regeneration factors.

- 1.15 This Investment Strategy meets the requirements of the statutory guidance issued by DLUHC in February 2018 and focuses on the second and third of the above categories.

2. Investment Indicators

1.16 The Authority has set the following quantitative indicators to allow elected Members and the public to assess the Authority's total risk exposure arising from its investment decisions.

1.17 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 1: Total investment exposure in £'000

Total investment exposure	31/03/23 Actual	31/03/24 Actual	31/03/25 Forecast
Treasury management investments	52,300	41,900	40,000
Service investments: Loans	16,728	26,742	26,668
Service investments: Shares	4,460	4,460	4,460
Commercial investments: Property	24,537	22,295	22,295
Commercial Investments: Loans	3,776	3,491	3,147
TOTAL INVESTMENTS	101,801	98,888	96,570
Commitments to lend	6,097	6,013	6,013
TOTAL EXPOSURE	107,898	104,901	102,583

1.18 The Council has total investments exposure estimated at £105m by March 2024 (£63m excluding treasury management), of which £22.3m relates to property investment backed by physical assets with an income stream and alternative use. Other investments are loans for economic development purposes; whilst in the past we could have said that they were not a material element of our budgeting for interest income within the MTFs, the current position the Authority finds itself in means that they are becoming more material. No new investments have been brought forward in recent years

1.19 **How investments are funded:** Currently the Authority's investments are largely funded by usable reserves and income received in advance of expenditure. Prudential borrowing is being used in limited circumstances and performance is closely monitored.

Table 2: Investments funded by borrowing in £'000

Investments funded by borrowing	31/03/24 Actual	31/03/25 Forecast	31/03/26 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	20,089	19,353	18,602
Commercial Investments: Loans	3,776	3,491	3,491
TOTAL FUNDED BY BORROWING	23,865	22,844	22,093

1.20 **Rate of return received:** In part this indicator shows, for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the nature of the local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 3: Investment rate of return (net of all costs)

Investments net rate of return	2022/23 Actual	2023/24 Actual	2024/25 Forecast
Treasury management investments	2.96%	5.21%	5.30%
Service investments: Loans	-6.52%	-0.03%	0.09%
Service investments: Shares	NIL*	NIL*	NIL*
Commercial investments: Property	3.16%	3.20%	3.20%
Commercial Investments: Loans	3.16%	3.13%	3.13%

- 1.21 The return for Service Investments: Loans is not a true return but is instead based largely on the % fluctuation in the underlying value of the new assets within the Life Science Fund. As such they do not reflect actual cashflows. In addition, there are a number of non-interest bearing loans.
- 1.22 Historically we have shown the % movement in the carrying value of our shareholding in Alderley Park Holdings Limited as a return within the category Service Investments: Shares. However, this is not a real return or cashflow. Typically, a return on a share would be based upon the dividend yield and there have been no dividends paid. Therefore, this is now being shown as Nil. There has been an downward revaluation of property assets at Alderley Park which has impacted the underlying asset value that we show in Table 5 below. We will continue to monitor, but the underlying asset value remains more than the Authority paid for the shares.

- 1.23 The major assets included within Commercial Investments: Properties, representing over 90% of the value in that classification, are two commercial retail sites. Whilst we are seeing downward fluctuations year-on-year given the pressures on 'bricks and mortar retail', the Council will only experience an impact on its Revenue Account if a site becomes vacant for a prolonged period or is subject to a (lower) rent review.
- 1.24 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both tenants have thus far weathered the local economic effects of the past four years though we have experienced further reductions in asset value in the last two financial years, particularly on one of the sites. As the lease term reduces this may continue until the lease is renewed.
- 1.25 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. Overall returns are affected by the need to offset prudential borrowing costs against the income. This has the effect of reducing the rate of return. If we were to calculate the return before allowing for these costs the rate would be 7.7%. The impact of the cancellation of HS2 is difficult to gauge but we continue to monitor for signs that valuations are impacted by that decision rather than the reducing years left on the lease. However, as this is the major income bearing category of investment more attention needs to be diverted to ensure that

occupancy and income are maximised and secured for the long term.

- 1.26 The Commercial investments: Loans are at the expected level of return given the rates in place when they were established.

3. Treasury Management Investments

- 1.27 The Authority typically receives its income, such as taxes and grants, before it pays for expenditure such as through payroll and invoices. It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, can lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.
- 1.28 The Constitution of the Authority delegates the power to manage and make Treasury Management Investments to the Section 151 Officer via the Treasury Management Strategy.
- 1.29 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 1.30 **Further details:** Full details of the Authority's policies and plans for 2023/24 for treasury management investments are covered in the separate Treasury Management Strategy (**Appendix 7a**).

4. Service Investments: Loans

- 1.31 **Contribution:** The Council lends money to other organisations to support local public services and stimulate economic growth. These are shown below in

Table 4. No new loans were issued in the year though there were movements on existing loans.

- 1.32 The Council has participated in a European Regional Development Fund project and has received £20m in grant funding which has been provided to Cheshire and Warrington Development Partnership in the form of a loan to allow development lending across the sub region. This was led by Cheshire & Warrington Local Enterprise Partnership, and its successor organisation. It is non-interest bearing for the Council.
- 1.33 Interest bearing loans have been provided to Everybody Health & Leisure Trust (Everybody) for the purpose of investing in new equipment, with the aim of increasing the usage of leisure facilities and improving the health of residents. These are included within the Local Charities category.
- 1.34 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. To retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and interest free loan. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.
- 1.35 In addition, the Council has invested £5 in the Greater Manchester & Cheshire Life Science Fund, a high risk venture capital fund investing in a range of life science

businesses. Partners in the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership (and its successor) and Alderley Park Holdings Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire & Warrington areas, which includes Alderley Park where the Fund is based.

- 1.36 The loan does not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. The GM Life Science Fund is “revalued” on an annual basis based upon the net asset valuation of the Fund and this can lead to short term fluctuations in the notional returns of this loan category. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallise when funds are extracted. The initial round of investment has completed and whilst not every investment will generate a return there is optimism that overall, the Authority will recover its initial investment.
- 1.37 The Authority has decided against committing new funds to a follow up fund though it is noted that C&W LEP (and its successor) have committed to new investment.
- 1.38 Only the Everybody loans are interest bearing and are reflected in the “Local Charities” category. These are

accrued at a rate of Bank of England base rate plus 4%.

- 1.39 Further loans are not currently envisaged.
- 1.40 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as per Table 4.

Table 4: Loans for service purposes in £'000

Category of borrower	31/03/23 Actual £000	31/03/24 Actual £000	31/03/24 Actual £000	31/03/24 Actual £000	2024/25 £000
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	23	24	1	23	500
Local businesses	16,377	26,531	61	26,470	30,000
Local charities	221	187	29	158	2,500
TOTAL	16,621	26,742	91	26,651	35,000

1.41 Accounting standards require the Authority to set aside loss allowances for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's Statement of Accounts are shown net of this loss allowance. The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Rather, the allowance represents a prudent accounting treatment required by CIPFA guidance. The Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

1.42 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans. Each application for a loan requires completion

of a business case. This is followed by a process of due diligence taking into account creditworthiness and financial standing and the Council's corporate objectives. External advisors are used where appropriate, dependent on materiality and scope of the loan arrangement. Each application is considered on a case by case basis.

1.43 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership and its successor, the Council is also contracting party to loans provided to organisations from the Growing Places Fund. This £12m Fund was established with Government grants and is "owned" by the Local Enterprise Partnership; consequently, these investments are not made using Cheshire East's resources and are not reflected in the table above, as regards investments made, or affecting upper limits of lending.

5. Service Investments: Shares

1.44 **Contribution:** The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth.

1.45 As noted above, the Authority has invested in Alderley Park Holdings Limited to maintain and stimulate this key strategic site within the borough. Cheshire East is a 10% shareholder in Alderley Park and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (39% shareholder).

- 1.46 This should be seen as a long-term strategic investment. There have been no dividend returns and any changes in % returns have been based upon the change in value of our share of the underlying assets which will fluctuate as the site continues its transition from a single user to a multiuser campus. The internal valuation of our stake has fallen in the year (i.e., a reduction in net asset value), following a rise last year which was preceded by several years of falls. This highlights the fluctuating nature of this valuation. However, the following observations should be noted:
- 1.47 The valuation (see Table 5) remains greater than the purchase price and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place. We expect valuations to improve in the future. That said, the organisation behind it as a major private sector developer with multiple Science Parks in its portfolio who will direct investment to those sites with the highest potential smoothest path to development.
- 1.48 The movement in value largely arises from accounting transactions/ re-valuations. A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake. As it is a long-term strategic asset there is ample time for the sector to grow.
- 1.49 The Council also has shares in its subsidiary, wholly owned companies. However, they are of nominal value,

and the share values are not considered material in the context of this Investment Strategy.

- 1.50 **Security:** One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. To limit this risk, upper limits on the sum invested in each category of shares have been set.

Table 5: Shares held for service purposes in £'000

Category of company	31/03/23 actual £000	31/03/24 actual £000	31/03/24 actual £000	31/03/24 forecast £000	2024/25 £000
	Value in accounts	Amounts invested	Total Gains/ (Losses)	Value in accounts	Approved Limit (at cost)
Local businesses	4,460	1,070	2,200	3,270	10,000
TOTAL	4,460	1,070	2,200	3,270	10,000

- 1.51 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and being part of the entities' governance arrangements, having a seat on the Board, and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

- 1.52 **Liquidity:** With regard to the existing equity stake in Alderley Park, it was deemed to be a long-term investment, supporting a business and site development plan through to at least 2025. As described above, regular monitoring and receipt of updated business plans will help to inform considerations with regards to the selling of shares; and it is important to note, as a minority shareholder in Alderley Park, that shares must first be offered to other shareholders in those private enterprises and consequently the prospects for disposing of shares should be seen as reasonable, as evidenced by the sale of shares in Manchester Science Partnerships in 2019. As ever, much would be determined by timing in the valuation cycle
- 1.53 In the hypothetical event of considering whether to make further Service Investments via shares, the Council would consider maximum investment periods on a case-by-case basis, taking into consideration the prospects for funds being accessible when required (e.g. to repay borrowing; or for other capital financing purposes) by making an assessment of liquidity, given the nature of the proposed investment (e.g. the type of organization and/or the market in which it operates).
- 1.54 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has

not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

6. Commercial Investments: Property

- 1.55 For the purpose of this Strategy, it should be noted that DLUHC defines property to be an investment if it is held primarily or partially to generate a profit. To comply with accounting classifications, the Authority includes several assets in Table 6 that might otherwise be excluded as they are not being held to primarily generate a yield or return.
- 1.56 Central government continues to express concern over the level of commercial investments held by local authorities and the risk that this presents if an authority becomes over exposed. Real world examples are now emerging where this eventuality has come to pass. Changes to the Prudential Code have reinforced opposition to investment in commercial property.
- 1.57 The government has effectively regulated against the purchase of commercial assets primarily for generating yield. Consequently, there have been no new commercial properties acquired in the year and any future investments will be aligned to normal Council service provision. Whilst this limits the Authority's ability to invest in commercial property for investment purposes, it is recognised that regeneration is a necessary factor which could result in legitimate purchases of such property. Careful attention will need

to ensure that yield is an incidental factor in any future decision to invest in a commercial property investment.

- 1.58 **Contribution:** The Council invests in local commercial property and land, for a number of reasons. The intention of making a profit that will be spent on local public services is largely a by-product and is not the primary reason.
- 1.59 We have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple calculation of yield. There is a comprehensive review of this classification taking place which may see additional properties included. They will be reflected in future versions of this annex.
- 1.60 The value of properties is updated annually. The most recent valuation is from March 2024 and reflect the period post COVID-19 and the impact of inflationary and interest rate rises. We are now seeing significant falls in valuation year on year in our main investment property category. Retail property is now valued at significantly less than purchase cost. Overall, the valuation of Commercial Investments: Property fell by 9% year on year (fall of 15% in 2023). The main driver for the fall is the reduced number of years remaining on an existing lease. This increases the risk of non-renewal thereby lowering the valuation. The downward trend is expected to continue in 2025 until a new tenancy agreement is agreed.

Table 6: Property held for investment purposes in £'000

Property	Actual	31/03/23 actual		31/03/24 actual	
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts
Industrial Units	1,492	(122)	1,618	122	1,740
Enterprise Centres	245	(15)	325	20	345
Retail	23,300	(3,887)	22,088	(2,358)	19,730
Office	240	(27)	506	(26)	480
Total	25,277	(4,051)	24,537	(2,242)	22,295

- 1.61 **Security:** In accordance with Government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. At the present time one class of property is valued at less than the historic cost.
- 1.62 **Where value in accounts is at or above purchase cost:** The ideal scenario is that a fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying asset values provide security for capital investment.
- 1.63 **Where value in accounts is below purchase cost:** The fair value of the Authority's investment property

portfolio is no longer sufficient to provide security against loss, and mitigating actions are required to protect the capital invested. These actions include annually reviewing the Commercial Properties portfolio; and where the fair value is below the original purchase price alternative actions are considered (e.g., changing the use of the asset to earn additional investment income; refurbishing the asset to make it more attractive to the market; or re-purposing the asset for use by the Council as an operational property where services to the public will be provided from). If no alternative service uses are considered viable it will be classed as surplus to requirements and steps will be taken to market the asset for sale to realise a capital receipt. However, it should be noted that these are not liquid assets. It would take time to process a disposal.

1.64 It is the Authority's view that the asset that has seen a significant reduction in value remains a strong, core asset in a prime location with scope to recover. The rental income received continues to fund borrowing costs and MRP provisions but further mitigations are required to arrest the fall in value. Any sale would necessitate a loss being crystallised as MRP would need to be accounted for and the loss of the income would have a material impact.

1.65 **Risk assessment:** The Authority assesses the risk of loss before acquiring and whilst holding property investments by:

- Before entering into any commercial property investment, the Authority assesses the local market conditions, by establishing the supply and demand of the need for a certain type of commercial property investment, what competition currently exists locally, nationally and globally dependent on the type of activity that will take place in the asset (for example retail units, industrial units or residential properties). These decisions are made alongside the expertise, knowledge and market evidence collected from our Economic Development Service.
- The Authority also ensures that when setting rental income on the assets a cost of use and sensitivity analysis is completed, to future proof the running and maintenance costs of the assets so that rents are set at a level where they are competitive in the local market but will also ensure that the income will provide that additional financial security.
- Whilst holding the commercial properties we continually review market prices, look out for changes in the market, and assess the competition.
- The Authority constantly monitors any changes in the political environments, locally, nationally and globally to assess any potential impact on the local rental markets.

1.66 Future investments would be considered in the first instance by the Section 151 Officer supported by other officers. Any final decision would be made by Council under the advice of the Finance Sub-Committee. Should any investments be identified then the Section

151 Officer can initiate steps to move funds into the main Capital Programme.

- 1.67 This Investment Strategy acknowledges that with the introduction of the committee system the role of the Finance Sub-Committee is the body that has the role to consider future investments and make recommendations to Council for ultimate approval of individual investments.
- 1.68 No new investments are currently anticipated. However, given that significant commercial retail property has been purchased more emphasis will need to be given towards the category of any future investment to ensure that the portfolio is diversified and not overly reliant upon a single sector or geographical location.
- 1.69 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority constantly monitors the use of all assets and where there is a market for a particular asset or asset type will look into realising the capital receipt on those assets if it outweighs the long-term benefits of holding the asset for a potential rental stream.

7. Commercial Investments: Loans

- 1.70 **Contribution:** The Authority has worked alongside Cheshire West and Chester Council and Warrington Borough Council to each provide the former Cheshire & Warrington Local Enterprise Partnership (LEP) and its successor with a £10m loan facility to be used to invest in economic development schemes across the Enterprise Zones in the sub-region. The existing Strategic Capital Projects budget has been utilised for this purpose.
- 1.71 The first loans totalling £8m in respect of Alderley Park were made in December 2020. The purpose is to stimulate economic development, and payback of the loans will be achieved from business rates retained by the LEP under Enterprise Zone regulations. One loan was repaid in July 2022. Whilst the facility is still available there are no imminent plans to draw down further amounts.

Table 7: Loans for Commercial Purposes in £'000

Category of borrower	31/03/23 Actual	As at 31/03/24 Actual			2024/25
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Partner Organisations	3,776	3,491	140	3,351	20,000
TOTAL	3,776	3,491	140	3,351	20,000

1.72 When considering making commercial investment loans, there will always be a Council policy-related objective (e.g., regeneration or economic development) in addition to the objective of financial benefit (yield) to the Council's Revenue Account (i.e., interest received) being greater than the costs to the Revenue Account (e.g. debt financing).

1.73 In considering commercial loan investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed

1.74 **Risk assessment:** The Authority assesses the risk of loss before entering into commercial loans with a thorough due diligence process by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/intelligence is required in each case; and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

1.75 Each loan application is considered on a case by case basis and requires a detailed business case. No further loans are currently envisaged.

8. Loan Commitments and Financial Guarantees

1.76 As Accountable Body for the former Cheshire & Warrington Local Enterprise Partnership and its successor, the Council is acting as Entrusted Entity to a £20m European Regional Development Fund supported 'Evergreen' Development Fund, which has issued loans to third parties. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.

1.77 The Fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. The balances are included this year within Service Investments: Loans (see Table 4 above). The workings of the fund are subject to detailed scrutiny and are managed by a firm of experienced fund managers with a strong track record of providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

9. Proportionality

- 1.78 A major concern for external governing bodies is the extent to which Authorities are dependent upon investment income to fund services. Proportionality forms a key component of the Prudential Code.
- 1.79 Historically, the Authority has not been materially dependent on return-generating investment activity to achieve a balanced revenue budget, in respect of Place Services. However, in the context of the current financial situation faced by the Authority and the sector, those returns will become an important factor in the ability to set a balanced budget. Whilst the proportion of the net revenue budget was consistently low and deemed immaterial this could change and should it fail to achieve the expected net return, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control could become more difficult to achieve. Therefore, more emphasis needs to be placed on managing the portfolio and securing an income stream or reviewing exit strategies.

10. Borrowing in Advance of Need

- 1.80 Government guidance is that local authorities must not borrow more than, or in advance of their needs purely to profit from the investment of the extra sums borrowed. The Authority follows this guidance.

Investments are made to meet the strategic needs of the Authority, its residents and local businesses.

11. Capacity, Skills and Culture

- 1.81 **Elected Members and Statutory Officers:** Adequate steps are taken to ensure that those elected Members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to consider individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.
- 1.82 The Finance Sub-Committee comprises Members, supported by officers and where necessary, external advisors, provides oversight of the Investment Strategy and acts on recommendations from officers that consider opportunities to enhance the Revenue and Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.
- 1.83 The Authority continues to identify best practice from across the sector and will incorporate this into the evolving Investment Strategy.
- 1.84 It is recognised that in order to support decision making there will be a need to engage external advisors from time to time. The Authority has appointed Arlingclose Ltd as treasury management advisors and receives specific advice on investment, debt and capital finance

issues. Other consultants, such as property consultants, are engaged as required.

- 1.85 **Commercial deals:** Steps have been taken to ensure that those negotiating and reporting commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. A team of officers from Place, Finance, Legal, and Procurement are responsible for ensuring that the framework is followed. Where appropriate staff are provided with additional training and up to date skills via CIPFA and other providers.
- 1.86 **Corporate governance:** Corporate governance arrangements have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values and Constitution.
- 1.87 The DLUHC requirement to produce an Investment Strategy, approved annually by Full Council is a key component of the corporate governance framework.

12. Glossary of Terms

Investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments*, which are subject to separate regulatory regimes and therefore are not covered by this guidance.

A **credit rating agency** is one of the following three companies: Standard and Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd.

A **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

Specified Investments

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling
- The investment is not a long-term investment (the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option)
- The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended]*
- The investment is made with a body or in an investment scheme described as high quality; or with one of the following bodies:
 - i. The United Kingdom Government;

- ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or
- iii. A parish council or community council
- should define high credit quality (definition incorporates ratings provided by credit rating agencies)

The **Treasury Management Code** means the statutory code of practice issued by CIPFA: “*Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition*”.

The **Prudential Code** means the statutory code of practice, issued by CIPFA: “*The Prudential Code for Capital Finance in Local Authorities, 2021 Edition*”.

The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.

OPEN

Finance Sub-Committee

Tuesday, 25 June 2024

Medium Term Financial Strategy Assumptions and Reporting Cycle for 2024/25 to 2028/29 (Finance Sub Committee)

Report of: Adele Taylor, Interim Director of Finance & Customer Services and Section 151 Officer

Report Reference No: FSC/06/24-25

Ward(s) Affected: All wards and all members will be affected and impacted by the content of the MTFS and Corporate Plan

Purpose of Report

- 1 This report confirms the baseline assumptions for net revenue expenditure and core funding, to assist with development of the Medium-Term Financial Strategy (MTFS) 2025 to 2029.
- 2 The baselines in this report provide early planning targets for each Service Committee as part of the 2025/26 budget setting process. At this stage the figures are based on the MTFS approved at full Council on 27 February 2024 plus known changes since that time. Approving these indicative baselines now and providing a high-level timeline allows Members, Committees and Officers to begin early development of financial proposals for consultation in line with the Transformation work.

Executive Summary

- 3 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2024/25 to 2027/28 was approved by full Council on 27 February 2024.
- 4 The MTFS is underpinned by a set of assumptions around income, expenditure and core funding that result in a 4-year position. The budget could only be balanced for the 2024/25 financial year by forecast

use of reserves. This is not sustainable in the medium to long term and needs to be addressed urgently for the Council to be financially sustainable. The gaps forecast in later years must be addressed as part of the business planning process this year as well as the Council learning to live within its means by delivering all savings and containing approved growth within 2024/25 otherwise this increases pressures in future years and widens the gap that will have to be closed.

- 5 These assumptions are reviewed on an annual basis and are adjusted for information as and when it becomes available. Most notably Central Government announce the Local Government Provisional Settlement in late December every year.
- 6 The Finance Sub-Committee are being asked to confirm the current assumptions and apportion indicative targets to all areas so that all Committees can develop plans in preparation for budget consultation and engagement events in the autumn of 2024 as per the timeline set out in Appendix C.
- 7 The Sub-Committee is also being asked to again form a Working Group to further review these assumptions over the summer with the aim of feeding back in September. Feedback will reflect any up-to-date information that could change the service or central budgets, or the funding envelope, before the launch of the Budget Consultation for 2025/26.
- 8 The Council has engaged an external partner to work alongside officers and members to identify opportunities to transform the way the Council operates including areas that may go some way to closing the gap that has been identified in the MTFS. These will help the Council live within its means and can contribute to ensuring that committees are able to operate within the effective cash limits that are being set per committee. It may be, that following identification of these opportunities as well as any other savings, growth and growth in funding/income, that the final budget allocations may not be as these original proportions indicate but that needs to be part of the discussion around the way in which the Council's resources are prioritised.
- 9 The Finance Sub-Committee are also being asked to approve the MTFS timeline at Appendix C which builds on the draft timetable that was approved at Finance Sub-Committee on 22 March 2024 and layers in the projected timeframes for the transformation programme which is being run alongside the business planning activity.
- 10 In addition to the usual comprehensive reporting at First, Second and Third Financial Reviews (September, November and January cycles), in recognition of the Council's challenging financial position and the

importance of achieving a balanced outturn, it has been agreed all committee meetings during 2024/25 receive an update report on the delivery of the approved budget policy change items. This will be based on the tables of budget policy items as included in the report received on 22 March. Appendix D shows the current progress against each item and includes RAG-ratings, accompanying commentary and forecast impact on outturn in respect of each item.

RECOMMENDATIONS

The Finance-Sub Committee is asked to:

1. Approve the budget assumptions underpinning the Medium-Term Financial Strategy for 2025-29, for planning purposes, as set out in **Appendix A1**.
2. Approve the setting up of a Finance Sub-Committee Assumptions Working Group to meet informally with the Chief Finance Officer to review the current assumptions with the aim of feeding back to the September committee meeting; the group to be made up of at least four members of the Sub-Committee.
3. Approve indicative savings targets and budget envelopes for each committee for 2025/26 as shown in Table 7 and **Appendix B**.
4. Approve the combined Budget setting and transformation timeline as set out in **Appendix C**.
5. Note the 2024/25 Budget change items progress as set out in **Appendix D**.

Background

- 11 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2024/25 to 2027/28 was approved by full Council on 27 February 2024.
- 12 Table 1 sets out the revenue budget estimates for the four years from 2024/25 to 2027/28:

Table 1 – Revenue Budget (See Appendix A2 for further commentary on budget rows)	Approved Net Budget 2024/25 £m	Estimated Position 2025/26 £m	Estimated Position 2026/27 £m	Estimated Position 2027/28 £m
Total Service Budgets	360.5	380.2	399.1	417.1
Central Budgets:				
Capital Financing	28.5	43.0	57.1	69.8
Income from Capital Receipts	(1.0)	(1.0)	(1.0)	(1.0)
Use of (-) / Contribution to (+) Reserves	(12.2)	-	-	-
Total Service and Central Budgets	375.7	422.2	455.2	485.9
Funded by:				
Council Tax	(287.1)	(298.8)	(310.6)	(322.9)
Business Rate Retention	(56.6)	(56.6)	(56.6)	(56.6)
Revenue Support Grant	(0.4)	(0.4)	(0.4)	(0.4)
Specific Unringfenced Grants	(31.6)	(24.5)	(24.5)	(24.5)
Total Funding	(375.7)	(380.3)	(392.2)	(404.4)
FUNDING POSITION (Cumulative)	-	41.9	63.0	81.5

- 13 The table above highlights the fact that the Council faces a significant four-year funding gap. There will also be the requirement to increase General Reserves to bring the Council up to more appropriate reserves levels to assist with future financial sustainability. This takes the funding shortfall over the medium term up to c.£100 million.
- 14 As was noted at the time of setting the MTFs, a factor affecting our future financial sustainability is the increasing cost of Capital over the life of the budget. This is impacted by a number of factors including increases in borrowing rates, where we have chosen to forward fund capital schemes before some monies are received and the impact of borrowing against our DSG deficit.
- 15 Table 2 sets out the revenue and capital budget for 2024/25 as split over the Committees:

ALL COMMITTEES - Summary					
Service Area	Revenue Budget			Capital Budget	Total Revenue and Capital Budget
	2024/25			2024/25	2024/25
	Expenditure £000	Income £000	Net £000	£000	Net £000
Adults and Health	223,849	-86,407	137,442	799	138,241
Children and Families	99,583	-10,620	88,963	38,908	127,871
Corporate Policy	111,416	-69,760	41,656	10,379	52,035
Economy and Growth	36,169	-8,227	27,942	80,263	108,205
Environment and Communities	65,291	-16,642	48,649	18,978	67,627
Highways and Transport	28,669	-12,839	15,830	66,452	82,282
Finance Sub-Committee	18,727	-3,500	15,227	0	15,227
Total Cost of Service	583,704	-207,995	375,709	215,779	591,488

16 Table 3 below sets out the capital budget and funding for the four years from 2024/25 to 2027/28.

Table 3 – Committed and New Capital Schemes	Prior Years £m	Four Year Forecast				Total £m
		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	
Expenditure						
Children and Families	34.9	38.9	25.6	10.8	11.6	121.8
Adults and Health	0.2	0.8	-	-	-	1.0
Highways and Transport	312.6	66.5	59.1	41.7	103.0	582.8
Economy and Growth	128.9	80.3	67.4	10.4	17.5	304.4
Environment and Communities	5.3	19.0	19.0	1.4	-	44.7
Corporate Policy	79.2	10.4	6.5	2.5	-	98.6
Total Expenditure	561.1	215.8	177.6	66.8	132.1	1,153.4
Funding						
Grants and Other Contributions	358.8	158.8	92.6	46.3	101.3	757.7
Capital Receipts	0.3	1.8	31.8	1.2	0.5	35.7
Borrowing	202.0	55.2	53.2	19.3	30.2	360.0
Total Funding	561.1	215.8	177.6	66.8	132.1	1,153.4

Budget Assumptions and Task Group

- 17 Appendix A1 sets out the detailed assumptions contained within each line in Table 1. Appendix A2 provides brief explanations for each to assist with understanding of the individual rows.
- 18 The recommendations ask for approval to establish a working group so that members of the Sub-Committee can review these assumptions in detail with the Chief Finance Officer. Providing feedback to the Sub-Committee in September will assist in setting the baseline for the MTFS consultation material.

Indicative budget envelopes for 2025/26

- 19 Since the publication of the MTFS there has been further refinement to some of the assumptions and resulting values in the budget. These change the overall funding position for 2025/26 onwards as per the table below.

Table 4 Scenario A – known items	Estimated Position 2025/26 £m	Estimated Position 2026/27 £m	Estimated Position 2027/28 £m
Funding Position - February 2024 (as per Appendix A1) Cumulative position	41.9	63.0	81.5
Capital Financing budget – incremental impact for future years over estimated as at Feb 24. Positive impact over medium term and full review of capital programme to take place	(7.8)	(21.6)	(36.4)
Second homes - additional 100% council tax from April 2025	(2.5)	(2.0)	(2.0)
Pay pressure on the 2024/25 from the £1,290/2.5% pay offer (this will need to be funded in 2024/25 and then built into future years base)	+1.9	+1.9	+1.9
Contingency budget	+3.4	+10.0	+10.0
Risk of unachievable budget savings or growth demands exceeding estimates – early estimate	-	+15.0	+30.0
Replenish General Reserves up to c.£20m (£5m p.a.)	+5.0	+10.0	+15.0
Revised Funding Position - June 2024 (Cumulative position)	41.9	76.3	100.0

- 20 At this time, we are therefore not seeing a significant variation in the MTFS resulting funding position that changes the forecast funding gap of c.£100m over the medium term.
- 21 There are, however, various other potential changes that may improve or worsen this position further but are not being included as they are not yet confirmed.

- 22 Scenario B: Improved funding case: sets out the additional funding that may be included in the provisional settlement which is usually announced around December each year. See Table 5 below.

Table 5	Estimated Position 2025/26 £m	Estimated Position 2026/27 £m	Estimated Position 2027/28 £m
Scenario B – Improved funding Case			
Revised Funding Position - June 2024 (from Scenario A table)	41.9	76.3	100.0
Social care unringfenced grant forecast increased to mirror final settlement from February 2024 in future years	(3.0)	(3.0)	(3.0)
New Homes Bonus – further one-off allocation for 1 year only	(3.5)	-	-
Improved Funding Case (Cumulative position)	35.4	73.3	97.0

- 23 Scenario C: Worse Case: sets out the additional potential pressures currently identified but not fully quantified/known. See Table 6.

Table 6	Estimated Position 2025/26 £m	Estimated Position 2026/27 £m	Estimated Position 2027/28 £m
Scenario C – worse case			
Revised Funding Position - June 2024 (from Scenario A table)	41.9	76.3	100.0
Pay inflation – Union request at £3,000/10% level (this would need to be funded in 2024/25 and then built into future years base)	+12.5	+12.5	+12.5
Worst Case (Cumulative position)	54.4	88.8	112.5

- 24 The revised funding position as per Table 4 that needs to be addressed in setting the budget for 2025/26 has been allocated to each committee as appropriate depending on the change item, or based pro rata on net budgets for 2024/25, and includes savings and growth proposals already put forward as part of the MTFs in February 2024 for the 2025/26 financial year. This gives an early indicative budget target and budget envelope for each committee. A summary table is included in Table 7 with the detail behind the indicative targets included at Appendix B.

Table 7 Indicative target budget envelopes 2025/26	MTFS			See Appendix B for calculation	
	Net Budget Approved 2024/25 £m	Net change estimated for 2025/26 £m	Net Budget Forecast 2025/26 £m	Indicative Target Budget change for 2025/26 compared to 2024/25 original budget £m	Target budget envelope 2025/26 £m
Adults and Health	137.4	9.9	147.3	(7.7)	129.8
Children and Families	89.0	6.5	95.4	(5.0)	84.0
Corporate Policy	41.7	(1.4)	40.3	(2.4)	39.3
Economy and Growth	27.9	1.2	29.1	(1.6)	26.3
Environment and Communities	48.6	2.1	50.8	(2.7)	45.9
Highways and Transport	15.8	1.5	17.3	(0.9)	14.9
Finance Sub (Central)	15.2	26.7	42.0	27.4	42.6
Total Service Budget	375.7	46.5	422.2	7.1	382.8
Finance Sub (Funding)	(375.7)	(4.6)	(380.3)	(7.1)	(382.8)
Net Position	0.0	41.9	41.9	0.0	0.0

- 25 Finance Sub Committee are being asked to approve these indicative budget change targets to help underpin and focus the transformation work and savings ideas generation work. Early ideas to close the gap are to be submitted by the end of July as per the timeline at Appendix C and committees are encouraged to work together to achieve the balancing of the net budget in totality to match the overall funding envelope available.
- 26 Further detailed review work will continue during the first quarter of 2024/25 to fully analyse the 2023/24 outturn results and the impact that may have on the current financial year (2024/25) but also 2025/26 and beyond. Therefore, the indicative targets will need to be kept under review and amended as further information comes to light. It is important to note therefore, that the figures contained in Table 7 and Appendix B are only an early indication at this stage as to the Council's financial position, to help focus ideas generation.
- 27 As further information becomes available on items contained in Scenario B and C above (tables 5 and 6 above), these will be factored into the overall position.

Timeline

- 28 The MTFS timeline included at Appendix C for approval sets out the business planning process for the year through to setting of the 2025/26 budget at full Council in February. The transformation work currently underway has been overlaid with the business as usual process to align the two and deliver both projects in tandem and help avoid any duplication or gaps.

Progress on 2024/25 MTFS budget change items

- 29 Appendix D contains the progress against the 2024/25 MTFS budget change items which have been reported to each individual service committee during June. This progress is noted in the form of a RAG rating, associated commentary and impact on the forecast outturn position if known.
- 30 The position for the Environment and Communities Committee has not yet been reported due to the scheduled item being postponed until the July committee date.
- 31 The summary of the progress against budget change items is shown below in Table 8.

Table 8	2024/25 Budget change items as per MTFS £m	2024/25 Budget change items - Forecast Outturn £m
Adults and Health	+1.136	+1.136
Children and Families	+9.909	+9.909
Corporate Policy	+0.489	+0.957
Economy and Growth	+3.316	+4.410
Environment and Communities	-0.052	TBC
Highways and Transport	+4.869	+4.869
Finance Sub (Central)	+2.916	+2.916
Total Service Budget change items	+22.583	+24.197
Finance Sub (Funding)	-22.583	-22.583
Net Position	-	+1.562

Consultation and Engagement

- 32 The annual business planning process involves engagement with local people and organisations. Local authorities have a statutory duty to consult on their budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the

budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.

- 33 Cheshire East Council conducted an engagement process on its Medium-Term Financial Plans through a number of stages running from 8 January 2024 to Council in February 2024.
- 34 The budget consultation launched on-line on 8 January 2024 and closed on 28 January 2024 and included details of the headline proposals for each Committee area. This consultation was made available to various stakeholder groups and through a number of forums as detailed in Annex 2 of the MTFS)

Reasons for Recommendations

- 35 The Finance Sub-Committee co-ordinates the management and oversight of the Council's finances, performance and corporate risk management arrangements. The Sub-Committee will make recommendations to the Corporate Policy Committee regarding the development of the Medium-Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.
- 36 This report enables the Committee to understand the assumptions underpinning the current MTFS and the Working Group will be informed of any changes required to accurately develop a robust budget for the MTFS for 2025/26 and over the medium term.

Other Options Considered

- 37 Not applicable.

Implications and Comments

Monitoring Officer/Legal

- 38 The legal implications surrounding the process of setting the 2024 to 2028 Medium-Term Financial Strategy were dealt with in the reports relating to that process.

Section 151 Officer/Finance

- 39 The financial assumptions and timetable within this report provide up to date information on the Council's MTFS process. Confirming baseline information at this stage does not create any limitations to the budget setting process for 2025/26. Approving baselines provides context and guidance that will help to develop consultation material. Providing a set

of baselines that balance across the medium term is important in supporting a responsible review of net costs.

- 40 The figures provided in this report can now trigger a review of net spending. The review can create opportunities to vary the assumptions via wide-ranging consultation with stakeholders.

Policy

- 41 The Corporate Plan sets the policy context for the MTFS and the two documents are aligned. Any policy implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate. Any review of the Corporate Plan priorities will impact on the MTFS, so the plans for such a review will be timetabled accordingly.

Equality, Diversity and Inclusion

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

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

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

- 44 Having “due regard” is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.

- 45 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy and the Budget that the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.

- 46 The Corporate Plan’s vision reinforces the Council’s commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure

that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

Human Resources

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

Risk Management

- 48 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 2024/25 budget and the assumptions underpinning it were factored into the 2024/25 financial scenario, budget and reserves strategy.

Rural Communities

- 49 The budget report, as approved at Council on 27 February 2024, provides details of service provision across the borough.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 50 The budget report, as approved at Council on 27 February 2024, provides details of service provision across the borough.

Public Health

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

Climate Change

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

Access to Information	
Contact Officer:	Adele Taylor Interim Director of Finance and Customer Services (Section 151 Officer) adele.taylor@cheshireeast.gov.uk
Appendices:	A1 – MTFS Budget Assumptions 2024-28 A2 – MTFS Budget Assumptions 2024-28 explanatory information B – Indicative allocation of targets 2025/26 C – MTFS Timeline D – 2024/25 Budget change items progress
Background Papers:	The following are links to key background documents: Medium-Term Financial Strategy 2024-28

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Appendix A1 - Budget Assumptions Medium-Term Financial Strategy 2025-2029

Service & Central Budgets:	MTFS February 2024				New cycle
	2024/25	2025/26	2026/27	2027/28	2028/29 not yet confirmed
Base Service Budget	360.5	380.2	399.1	417.1	427.2
Pay inflation (pay awards, holiday pay, increments)	Included in MTFS: 3.0% + top up from 2023/24 shortfall. Note: 2024/25 insufficient compared to Unions ask of 10%/£3000	2.5%	2.5%	2.5%	2.5%
Backdated Overtime Claims	included in pay budgets				
NI increase	no planned increases				
Living Wage	included in pay budgets				
Non pay inflation	included in service budgets where required				
ASDV Management Fees	included in service budgets				
Pensions - Main contribution rate	21.0%				
Pensions - Secondary (past service) contribution rate	4.2%				
Pensions - Total contribution rate	25.2%	23.7%	23.7%	23.7%	23.7%
Other Income					
Fees & Charges income - assumption is no net increase/decrease in service expenditure as income will match cost variations	c.£87m	No net change	No net change	No net change	No net change
Return on Wholly Owned Subsidiaries - assumption is Company Board will discuss with Finance-Sub-Committee	0.0	0.0	0.0	0.0	0.0
Capital Financing					
Capital Financing Budget (note - incremental impact for the years 2025/26 to 2027/28 have been over-estimated as at Feb 24. Plus full review of capital programme still to take place. Adjustment for the three years 2025/26 to 2027/28 shown in covering report)	28.5	43.0	57.1	69.8	25.6
Treasury Management	c£2.5m interest on cash balances	c£2.5m interest on cash balances	c£2.5m interest on cash balances	c£2.5m interest on cash balances	c£2.5m interest on cash balances
CIL / s.106 - assumption is income will be spent on linked projects with no net benefit					
Bonds - No bond issue is planned					
Central Items					
Central Contingency	0.0	0.0	0.0	0.0	0.0
Income from Flexible Capital Receipts	-1.0	-1.0	-1.0	-1.0	-1.0
Bad Debt Provision change	0.0	0.0	0.0	0.0	0.0
Top-up to General reserves - currently assumes increases in General Reserves will come from windfall or over-achievement of budget targets	0.0	0.0	0.0	0.0	0.0
Reserves					
Review the minimum level					
Use of (-) / Contribution to (+) Earmarked reserves	-12.3	0.0	0.0	0.0	0.0
General Reserves - balance	1.1	1.1	1.1	1.1	1.1
TOTAL AS PER MTFS FEBRUARY 2024	375.7	422.2	455.2	485.9	451.8
Funded By:					
Council Tax	-287.1	-298.8	-310.6	-322.9	-335.6
Council Tax % Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Council Tax ASC % Increase	2.00%	0.0	0.0	0.0	0.0
Council Tax Support Scheme	budget of £21.3m	to be increased in line with ctax increase	to be increased in line with ctax increase	to be increased in line with ctax increase	to be increased in line with ctax increase
Taxbase (including, growth, discounts and council tax support)	160151.52	161841.80	163363.06	164884.32	166383.33
Numbers of new homes included in the taxbase calculation	2,200	2,000	1,800	1,800	1,800
Exemption for Foster Carers and Care Leavers (from Collection Fund EMR)	c.£185,000	c.£185,000	c.£185,000	c.£185,000	c.£185,000
Discretionary discounts (S13A)	None	None	None	None	None
Empty Homes Premium 100% (2 to 5 years empty)	348 homes as at Oct 23				
Empty Homes Premium 200% (5 to 10 years empty)	78 homes as at Oct 23				
Empty Homes Premium 300% (over 10 years empty)	64 homes as at Oct 23				
Second Homes Premium 100% charged from April 2025	N/A	to be included in 2025-29 MTFS			
Losses on Collection - Write Offs per annum (average)	c.£1m	c.£1m	c.£1m	c.£1m	c.£1m
Collection Rate	0.99%	0.99%	0.99%	0.99%	0.99%
Collection Fund Council Tax (paid from excess S31 grants from earmarked reserve)	c.£6m declaration in Jan 24 for 2023/24 (£3m) plus prior year (£3m) CEC share = 85%.				

Appendix A1 - Budget Assumptions Medium-Term Financial Strategy 2025-2029

Service & Central Budgets:	MTFS February 2024				New cycle
	2024/25	2025/26	2026/27	2027/28	2028/29 not yet confirmed
Business Rates Retention	-56.6	-56.6	-56.6	-56.6	-56.6
Pooling	No longer part of Greater Manchester pool from 2021/22				
Growth assumptions	No change in business rates income forecast over medium term. Will update when details of the Fairer Funding / BRRS review announced				
Taxbase (based on NNDR1 2024/25)	£152.7m				
Relief for low carbon heat networks and a new Improvement Relief	Funding set aside for the Env Strategy, along with the 100% retained element from renewables				
Mandatory Reliefs	c.£28.7m				
Unoccupied Reliefs	c.£5.2m				
Discretionary Reliefs (unfunded)	c.£0.4m				
Hardship	> £20k per annum				
BRRS S31 compensation grants for new burdens (net of adjustment for tariff adjustment due to cap on multiplier). Share of income to be used to support revenue budget - £10.6m in 2024/25	c.£23.4m	c.£24.5m	c.£17.4m	c.£18.3m	c.£18.3m
Levy (paid from excess S31 grants from earmarked reserve)	c.£5.3m				
Losses on Collection - Write Offs	c.£1.5m				
Collection costs	c.£0.6m				
Appeals	c.8.5m total provision (49% CEC share)				
Collection Fund Business Rates (paid from excess S31 grants from earmarked reserve)	NNDR1 24/25 declared deficit (Jan 24) for 23/24 - £9.9m (CEC share 49%).				
Collection Rate	0.99%	0.99%	0.99%	0.99%	0.99%
Business Rate Supplement (BRS)	none	none	none	none	none
Tax Increment Financing (TIF)	none	none	none	none	none
Business Improvement Districts (BIDs)	Wilmslow & Crewe				
RSG					
Revenue Support Grant	-0.4	-0.4	-0.4	-0.4	-0.4
Specific Grants (unringfenced* only included in funded envelope)	-31.6	-24.5	-24.5	-24.5	-24.5
Total Schools Grants inc DSG (ringfenced)	£195.7m	£195.3m	£195.3m	£195.3m	£195.3m
Total other C&F Grants (ringfenced)	£9.0m	£6.8m	£6.5m	£6.5m	£6.5m
Adult Social Care and Health (inc. Better Care Fund) (ringfenced)	£21.7m	£12.9m	£12.8m	£12.8m	£12.8m
Public Health (ringfenced)	£18.4m	£18.3m	£18.3m	£18.3m	£18.3m
Corporate Policy Grants (ringfenced)	£0.5m	£0.5m	£0.5m	£0.5m	£0.5m
Housing Benefit (ringfenced)	£53.2m	£53.2m	£53.2m	£53.2m	£53.2m
Place Committees Grants (ringfenced)	£5.9m				
Social Care Grants (conditions) - assumes 2024/25 allocations continue (unringfenced*)	£25.6m	£22.6m	£22.6m	£22.6m	£22.6m
New Homes Bonus (unringfenced*)	£4.1m				
Others (unringfenced*)	£1.9m	£1.9m	£1.9m	£1.9m	£1.9m
TOTAL AS PER MTFS FOR 2023/24 = £353.1m	-375.7	-380.3	-392.2	-404.4	-417.1
Funding Position - February 2024	0.0	41.9	63.0	81.5	not included at February 2024

Appendix A2 - Budget Assumptions Medium-Term Financial Strategy 2025-2029

The notes below provide additional detail on budget assumptions within the MTFS. These assumptions will assist members, committees and officers in developing proposals for consultation as part of the process to set the 2025-2029 MTFS.

A Working Group of the Finance Sub-Committee is being recommended to review these details with the Chief Finance Officer with the intention of providing feedback to the Sub-Committee in September.

The headings below relate to the summary lines within Table 1.

Total Service Budgets

- 1 Service (base) budgets refer to net day-to-day revenue costs of running all the services including items such as employee pay, supplies and services, contracts and transport costs.
- 2 Payments to Cheshire Pension Fund for all employees are included in the net service budgets. The current three-year valuation period started in April 2022 with a reduced payover rate of 26.7% when compared to the 2022/23 level, to be reduced further by 1.5% per annum for the two years to 2025/26. There is a target minimum level of 20% over the longer term.
- 3 Income from fees and charges and service specific grants is also included in the net service budgets. There is no mandatory central increase applied to all fees and charges. Instead, services complete a Charging strategy to assist in optimising the level of income received from fees and charges based on market forces and user behaviour. Grants that relate to a specific service are treated as service income as conditions apply that will prevent spending on such grants on other services. A full list of grants is included as an appendix in the MTFS.

Central Budgets

- 4 **Capital Financing:** The Capital Financing budget represents the revenue implications of the capital programme. It includes interest payments on borrowing for example but also includes the revenue income from investments. High inflation, high interest rates on borrowing, including the interest that the Council is paying for holding the Dedicated Schools Grant deficit on the balance sheet (£6.1m) and an ambitious capital programme results in increased need for annual revenue. A Capital Programme review is ongoing to identify scope to delay, reduce or stop spending on capital projects to improve cashflow.

This can save on borrowing costs which are projected to cause a significant budget increase for 2024 onwards. The Council also needs to review the impact of the outturn position of an improved DSG deficit at the end of 2023/24 on potential borrowing costs.

- 5 The current assumption on project delays is that unspent capital budgets will automatically be slipped into the next financial year unless re-profiled to future years. The assumption for 2024/25 will be that the MTFS 2024-28 approved budget of £215.8m and the slippage from 2023/24 of £34.2m is the revised budget for 2024/25.
- 6 **Income from Capital Receipts:** Sale of Council assets usually provides a capital receipt. The Council is permitted to use such receipts to fund transformation costs or fund items within the Capital Programme. The 2024/25 to 2027/28 MTFS proposes the annual use of £1m to support transformation costs. Expectation of annual receipts at this level is reasonable based on recent trends of income from Right-to-Buy properties and Farms Estate sales and assets no longer required by the Council (surplus assets). Given the increased need for transformation this is an area that needs to be explored when developing budget proposals during this year.
- 7 **Use of / Contribution to Reserves:** this is the planned movements in and out of various earmarked reserves including the MTFS reserve, Collection Fund reserve, Capital Financing reserve and Transformation reserve, which support service delivery where budgeted to do so. For further information on earmarked reserves levels see [Annex 13 of the MTFS](#).
- 8 General reserves have decreased from £14.1m to £5.6m following the utilisation of £8.5m to fund the outturn overspend in 2023/24. This is compared to the forecast use of the reserve which was predicted at £13m at third financial review stage. A full review of the balance sheet position and reserves options that will impact on the MTFS will be carried out during 2024/25.

Funded By:

- 9 **Council Tax:** The level of income the Council receives from Council Tax is based on two main variables; council tax levels set by Cheshire East Council and the number of properties charged, referred to as the taxbase. Appendix A1 sets out the specifics that make up the Council Tax budget. This includes the following items –
 - (a) Percentage increase (base) – forecast at this point to be a maximum of 2.99% per annum over the medium term.

- (b) Percentage increase (ASC precept) – additional flexibility to raise income to support Adult Social Care has once again been granted by Central Government. It is uncertain as to whether this will continue past 2024/25 therefore no assumption has been included after this time.
- (c) Council Tax Support Scheme – A budget based on current claimant caseload is included in the taxbase calculation. This increased in recent years due to the pandemic. It is also increased each year in line with the council tax percentage increase and reflects any changes that may be approved at December Council.
- (d) Taxbase – the taxbase calculation is the number of Band D equivalent properties in the borough after taking account of reductions for discounts, exemptions, collection rates, council tax support payments and premium property income. There has been a steady increase in the taxbase per annum due to increased house building in line with, or in some cases exceeding, the Local Plan targets (up to and including 2023/24). The medium term includes estimated increases at 1% as the taxbase only increased by 0.86% for 2024/25 due to an increase in the Council Tax Support budget.
- (e) Exemption for Foster Carers and Care Leavers – this exemption is funded by the Collection Fund earmarked reserve annually.
- (f) Discretionary discounts (other) (S13A) – from 2024/25 Landlords are no longer able to gain an exemption of 4 weeks between tenants.
- (g) Empty Homes Premium - In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for 2 years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.
- (h) Additional flexibilities were introduced in subsequent Government budgets and Cheshire East now charges the following premiums for empty properties:

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

The Government's Levelling Up and Regeneration Bill was includes further discretionary options for the application of Council Tax premiums on empty properties, reducing the qualifying period from two years to one year with effect from April 2024. The Bill also allows a premium on second homes of up to 100% with effect from April 2025 subject to 12 months notice to owners.

- (i) Loss on Collection – Write offs – This is an annual charge to write off debts that are no longer viable to collect.
- (j) Collection rate – this has been maintained at 99% due to strong overall collection over a three-year period.
- (k) Collection Fund surplus/deficit – any surplus or deficit that arises from fluctuations from the estimates listed above are managed through the Collection Fund earmarked reserve to help maintain a stable annual revenue budget.

10 **Business Rates Retention:** the current scheme is very complex and the system of tariff, levies and compensation grants makes it extremely challenging to estimate business rates with any great certainty. The budget for business rates is therefore forecast to remain static over the medium term and any fluctuations are managed through the Collection Fund earmarked reserve. Current values for each of the discounts and exemptions are set out in Appendix A1. The government intend to review business rate retention, although the date of completion for this review is unknown.

11 **Revenue Support Grant:** this is currently very low at £0.4m per annum. The government intend to review this grant as part of the Fairer Funding Review, although the date of completion for this review is unknown.

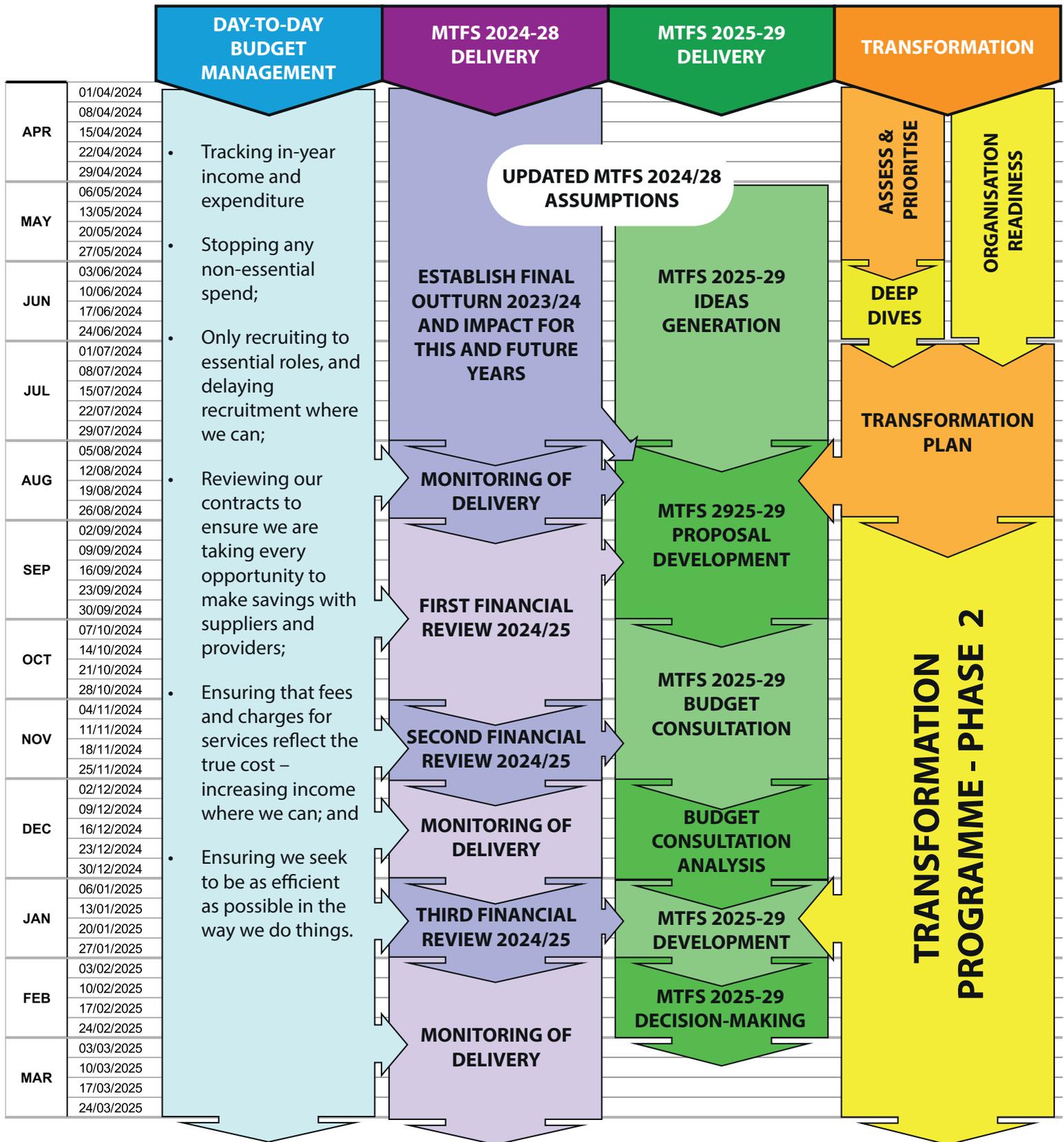
12 **Specific Unringenced Grants:** Appendix A1 lists the main specific grants receivable and current values. Only the unringfenced grants are included in the funding envelope as shown in Table 1. These total £31.6m for 2024/25.

Appendix B – Indicative target budget envelopes for 2025/26

Committee Area	Published MTFS February 2024			Allocation of known changes since MTFS February 2024 (identified in Table 4 of report)							Revised position June 2024		
	Net Budget Approved 2024/25	Net change estimated for 2025/26	Net Budget Forecast 2025/26 (unbalanced position)	Capital Financing budget requirement change	Second Homes Income within taxbase (council tax income)	Pay forecast at £1,290/2.5% compared to budgeted level of 3%	Savings required to mitigate for additional pay pressure	Contingency budget to be set aside	Top up to General Reserves	Savings to mitigate for forecast 2025/26 changes included in MTFS	Allocation of one off use of General Fund reserve from 2024/25 savings to be identified	Target budget change for 2025/26 compared to 2024/25 original budget	Target budget envelope 2025/26 (balanced position)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adults and Health	137.4	9.9	147.4			0.2	-0.2	-1.3	-1.9	-9.9	-4.4	-7.7	129.8
Children and Families	89.0	6.5	95.4			0.5	-0.5	-0.8	-1.2	-6.5	-2.9	-5.0	84.0
Corporate Policy	41.7	-1.4	40.3			0.1	-0.1	-0.4	-0.6	1.4	-1.4	-2.4	39.3
Economy and Growth	27.9	1.2	29.1			0.2	-0.2	-0.3	-0.4	-1.2	-0.9	-1.6	26.3
Environment and Communities	48.6	2.1	50.7			0.8	-0.8	-0.5	-0.7	-2.1	-1.6	-2.7	45.9
Highways and Transport	15.8	1.5	17.3			0.1	-0.1	-0.1	-0.2	-1.5	-0.5	-0.9	14.9
Finance Sub (Central)	15.2	26.7	42.0	-7.8				3.4	5.0			27.4	42.6
Service Budgets Total	375.7	46.5	422.2	-7.8	0.0	1.9	-1.9	0.0	0.0	-19.8	-11.7	7.1	382.8
Finance Sub (Funding)	-375.7	-4.6	-380.3		-2.5							-7.1	-382.8
Net Position	0.0	41.9	41.9	-7.8	-2.5	1.9	-1.9	0.0	0.0	-19.8	-11.7	0.0	0.0

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Budget setting and transformation - combined timeline



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Appendix D - Approved Budget Policy Change items progress

SUMMARY	2024/25 Budget change items as per MTFS £m	2024/25 Budget Change items - Forecast Outturn £m
Adults and Health	+1.136	+1.136
Children and Families	+9.909	+9.909
Corporate Policy	+0.489	+0.957
Economy and Growth	+3.316	+4.410
Environment and Communities	-0.052	TBC*
Highways and Transport	+4.869	+4.869
Finance Sub (Central)	+2.916	+2.916
Total Service Budget change items	+22.583	+24.197
Finance Sub (Funding)	-22.583	-22.583
Net Position	-	+1.562

* The position for the Environment and Communities Committee has not yet been reported due to the scheduled item being postponed until the July committee date

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
	Adults and Health Committee		+1.136	+1.136		+9.868	+5.116	+5.116
1	Fees and Charges	AH1	-1.800	-1.800	Green	-	-	-
2	Client Contributions Increase	AH2	-0.800	-0.800	Green	-0.800	-	-
3	Working Age Adults - Prevent, Reduce, Delay	AH3	-1.467	-1.467	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.	-1.053	-	-
4	Older People – Prevent, Reduce, Delay	AH4	-1.566	-1.566	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.	-2.010	-	-
5	Market Sustainability and Workforce grant		-1.100	-1.100	Completed	+1.100	-	-
6	Revenue grants for Adult Social Care		-2.480	-2.480	Completed	+7.080	-	-
7	Pension Costs Adjustment		-0.493	-0.493	Completed	-0.517	-	-
8	Investment in Adult Social Care		+7.600	+7.600	Red - Line by line analysis to be undertaken to establish recurrent budget pressure to be recovered in 2024/25 to deliver a balanced position. This reflects the risks associated with price and demand growth as set out in the budget report. The actions being taken are to maintain the	+4.000	+4.000	+4.000

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					Community Care Board to manage and monitor numbers of packages, size of packages and price of packages on a weekly basis, and adopt and to undertake a strategic cost of care review using Care Cubed, which will also be used to enable reviews of provider costings, where price requests fall outside of the approved range.			
9	Pay Inflation		+1.892	+1.892	Red - NJC Pay Claim process has started (pay claim is £3,000 or 10% vs MTFS 3%).	+1.089	+1.116	+1.116
10	Resettlement Revenue Grants – reversal of 2023/24 use		+0.850*	+0.850*	Completed	-	-	-
11	Adult Social Care Transformation Earmarked Reserve Release – reversal of 2023/24 use		+0.500*	+0.500*	Green	-	-	-
12	Market Sustainability and Fair Cost of Care – Removal of Grant Income		-	-	Green	+0.979	-	-
13	Asset Management	NEW	TBC	TBC	Green - It is expected that the NHS will confirm their intentions for usage of one of the key CEC sites in question by September 2024. Once this is received, the business case for future usage of the site will be revisited and taken through the appropriate CEC			

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					governance procedures. The model of care in relation to high-cost adult social care and health provisions will be part of this work.			
14	Investigate potential agency creation	NEW	TBC	TBC	Green - This proposal has been consistently delivered in relation to the usage of a Care Workers agency in all but name. Care4CE, the Council's in house care provider, has been utilising workers, both casual and agency, as a bank of workers for several years to successfully deliver operational requirements. The establishment of a CEC Agency for Social Workers is currently not possible due to significant shortage of suitable workers.			

* Item represented a one-off spend in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
	Children and Families Committee		+9.909	+9.909		+6.470	+7.660	+7.447
15	Discretionary offer to children with disabilities	CF1	-0.900	-0.900	Green - On Track, project team progressing multiple improvements to redesign the service offer, ensuring consistency and efficiency.	-	-	-
16	Remove school catering subsidy	CF2	-0.516	-0.516	Amber - In Progress, rate uplift to be applied in Sep 2024 in order to cover the costs of the service through to the end of March 2025 when it ends.	-	-	-
17	Review of structure to further integrate children and families services	CF3	-1.000	-1.000	Amber - Delivery Planning in progress to address saving. Including: further Establishment review, service redesign, cross directorate risk management.	-0.200	-0.200	-
18	Reduce discretionary Post-16 Travel Support	CF4	-0.400	-0.400	Amber - Agreed by Committee so progressing, too early to confirm take-up so amber for now.	-	-	-
19	Achieve the Family Hub model	CF5	-0.250	-0.250	Green - Agreed by Committee so progressing, cross service savings with Facilities Management. Not going to be delivered in year therefore alternative saving being found to cover this.	-	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
20a	Other Service Reviews – Review of commissioned services across the C&F directorate. Review of the current Domestic Abuse Service	CF6	-0.100	-0.100	Completed.	-	-	-
20b	Other Service Reviews – Maximise grant allocation to cover all costs	CF6	-0.100	-0.100	Amber - Plan to explore current / future grants to ensure where T&Cs allow, contribution to fund base costs (e.g. staffing and on costs) is maximised.	-	-	-
20c	Other Service Reviews – Traded services	CF6	-0.050	-0.050	Amber - Part delivered but may need to look for alternative options to cover the remaining saving for this year.	-	-	-
21a	Reduce Growth in expenditure – review of high cost, low outcome external residential placements	CF7	-1.000	-1.000	Amber - Work underway to develop delivery plans for placements, sufficiency and market, as well as childrens homes and increasing foster carers.	-	-	-
21b	Reduce Growth in expenditure – increase commissioning approach to establish greater opportunities to provide accommodation for +16 young people	CF7	-0.400	-0.400	Amber - 16+ and 18+ Commissioning Plans / Market Shaping in Progress. Responding to increasing demand and complexity.	-	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
21c	Reduce Growth in expenditure – Foster Care	CF7	-0.250	-0.250	Amber - Developing a Delivery Plan to increase Foster Care provision.	-	-	-
21d	Reduce Growth in expenditure – reduced spend on expert assessment in court proceedings and services post public law proceedings	CF7	-0.250	-0.250	Amber - Establishing a Task & Finish Group to explore and develop processes and capacity to reduce costly Legal proceedings.	-	-	-
22	Pension Costs Adjustment		-0.515	-0.515	Completed.	-0.537	-	-
23	Growth to deliver statutory Youth Justice service, and growth to ensure budget is sufficient to meet Safeguarding Partnership duties		+0.170	+0.170	Green.	+0.005	-	-
24	Growth to provide capacity to deliver transformation for SEND		+0.500	+0.500	Green.	-	-	-
25	Wraparound Childcare Programme (funded)		+0.587	+0.587	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.	-0.309	-0.278	-
25	Wraparound Childcare Programme (funded)		-0.587	-0.587	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.	+0.309	+0.278	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
26	Legal Proceeding - Child Protection		+0.770	+0.770	Amber.	-	-	-
27	Growth in School Transport budget		+0.936	+0.936	Amber.	+1.501	+1.548	+0.476
28	Pay Inflation		+1.374	+1.374	Amber - Dependent on final agreed pay award.	+1.056	+1.082	+1.082
29	Use of Children & Families Transformation Reserve – reversal of 2023/24 use		+1.065*	+1.065*	Completed.	-	-	-
30	Growth in Childrens Placement costs		+10.825	+10.825	Amber - Will need to be closely monitored throughout the year to ensure that funding is sufficient to meet demand and complexity.	+4.645	+5.230	+5.889
31	Revenue costs for the Crewe Youth Zone (as above) aligned to Supporting Families Funding		-	-	Amber.	+0.400	-	-
31	Early Help budget to support funding towards the Crewe Youth Zone		-	-	Amber.	-0.400	-	-
32	SEND Capital Modification	NEW	TBC	TBC	Amber - Contingent upon wider asset management and associated timelines. Extensive work underway to plan and progress development opportunities. Captured as part			

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					of the Capital Program reported to Committee.			
33	Childrens Social Work Bank	NEW	TBC	TBC	Red - Various options currently being explored as part of wider C&F Establishment review and potential peripatetic resource options.			
34	Safe Walking Routes to School	NEW	TBC	TBC	Green - Features as part of School Transport Programme.			
35	Withdrawal of the CEC School Meals Service	NEW	TBC	TBC	Green - Features as part of School Catering subsidy project - CF2428-16.			

* Item represented a one-off spend in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
	Corporate Policy Committee		+0.489	+0.957		-1.389	+1.015	+0.915
36	Reduce leadership and management costs	CP1	-0.540	-0.190	Red - The initial feedback from the draft outcome of the DMA review is senior management vacancies will require recruitment to the complete complement of Corporate Managers. In year vacancy savings will continue but will be time limited and reducing towards 2025. There is potential to increase costs by additional management support during transformation. This will result in increased budget pressure.	-	-	-
37	Close the Emergency Assistance Scheme	CP2	-0.220	-0.220	Completed	-	-	-
38	Reduce election costs and increase charges where possible	CP3	-0.150	-0.150	Green - The proposal is to make payment, during the 2024/25 year of £70k-£80k from the existing election account, as part of this one-off saving. The remainder will be paid during the financial year by reducing the sum which would normally be paid into the election reserve. This might be mitigated in the year of the next local elections by	+0.150	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					monies which will be raised by charging town and parish councils for their elections in 2027. However, this will not be sufficient and will be likely to lead to the need for a supplementary estimate.			
39a	Accelerate Digital Transformation (ICT Operational efficiencies)	CP4	-0.100	-0.100	Green - 3rd party costs have been reduced and plans to reduce further during the year.	-	-	-
39b	Accelerate Digital (Digital efficiencies)	CP4	-0.150	-0.150	Amber - Significant activity underway with the support of external reviews. This has identified opportunities for Digital transformation. Linked in with main transformation programme to ensure opportunities are maximised	+0.250	+0.100	
40	Enforce prompt debt recovery and increase charges for costs	CP5	-0.150	-0.150	Completed - The award of costs is a matter for the Magistrates at each court hearing. However, only by exception will they vary from the level already agreed by us with the Court Manager. The approach to the Court Manager has been made and the revised level agreed. The action is therefore complete but the financial benefits will accrue as we continue the	-0.077	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					regular recovery process during the year.			
41a	Other efficiencies and reductions across Corporate Services – School Subsidy (ICT)	CP6	-0.032	-0.032	Green	-0.010	-	-
41b	Other efficiencies and reductions across Corporate Services – Organisational Development	CP6	-0.100	-0.100	Completed			
41c	Other efficiencies and reductions across Corporate Services – Registration Services	CP6	-0.050	-0.050	Green			
41d	Other efficiencies and reductions across Corporate Services – School Subsidy	CP6	-0.018	0	Amber - Part of the £50k School Subsidy saving - Finance team to assist in identifying options.			
41e	Other efficiencies and reductions across Corporate Services	CP6	-0.010	0	Amber - Finance team to assist in identifying options.			
41f	Other efficiencies and reductions across Corporate Services – Printing	CP6	-0.050	-0.010	Amber - Finance team to assist in identifying options.			
41g	Other efficiencies and reductions across Corporate Services – Hybrid working / mileage	CP6	-0.050	0	Amber – Options being considered regarding reduced travel spend including ensuring efficient planning around meeting attendance and minimising unnecessary movements across the area. This maximises efficient use of time as well for teams.			
42	Pension Costs Adjustment		-0.378	-0.378	Completed	-0.396	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
43	Mitigation of reduction in the Dedicated Schools Grant		+0.136	+0.136	Completed	-	-	-
44	Pay Inflation		+1.446	+1.446	Amber – NJC national negotiations have commenced. There are risks that the national offer is above the 3% allowed for within the MTFS and the proposals from staff side would add further affordability risks.	+0.893	+0.915	+0.915
45	Legal Services Capacity		+0.455	+0.455	Completed	-	-	-
46	ICT Review 1		+0.450	+0.450	Green	-2.199	-	-
47	Workforce Strategy Review	NEW	TBC	0	Amber - There are no savings attributed to this HLBC in 2024/2025. Opportunities to explore workforce options are being considered alongside transformation work. Any savings are likely to be realised in 2025/26 at the earliest			
48	Parish Compacts – it is recommended that this item is removed.	NEW	TBC	0	Red - An extension of parish compacts would provide a budget for every parish council and require a CEC post to manage it. That is not affordable as a result of previous MTFS efficiencies			

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	<i>Budget Consultation Reference</i>	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					<p>meaning growth of £150k would be needed. Given we are implementing savings in this area this year through the Reduce cost of street cleansing and Green Spaces Maintenance Review items. The recommendation is for this item to be removed from the MTFS as not deliverable.</p>			

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
	Economy and Growth Committee		+3.316	+4.410		+1.184	+1.764	+0.440
49	Service Restructures within Place based Services	EG1	-0.787	0	Red – achievement through permanent savings remains challenging without a full restructure – which is pending the LGA review.	-	-	-
50	Reduce opening hours for main offices	EG2	-0.050	-0.050	Completed	-	-	-
51	Office estate rationalisation		-0.550	-0.250	Red - due to a pending committee decision.	-0.150	-	-
52	Tatton Park		-0.046	-0.046	Amber rating reflects the fact that the Tatton Vision capital programme is currently under review.	-	-	-
53	Transfer of Congleton Visitor Information Centre		-0.020	-0.020	Green - Transfer of Congleton VIC to the Town Council has already occurred.	-	-	-
54	Pension costs adjustment		-0.157	-0.157	Completed	-0.164	-	-
55	Tatton Park ticketing and electronic point of sale (EPOS) upgrade		+0.005	+0.005	Green - A procurement process is currently underway to source a supplier who can ensure onsite and web-based delivery of a new system which aligns with present and future needs.	+0.001	+0.001	+0.001
56b	Cultural Economy capacity		0	+0.015	Amber - It is proposed that an apprenticeship post is added to the team. This would enable			

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					important succession planning for the Council's events management resource and additional cultural economy resource on a cost effective basis.			
56c	West Park collection		+0.012	+0.012	Green - Cost for vital conservation and storage of West Park Museum collections and ongoing temporary storage requirements.			
56d	CEC archives		+0.008	0	Completed - Timescales for implementation of the Archives capital project have slipped due to grant funding decisions, with revised opening date of Spring 2026.	+0.089		
57	Property Information and Management System - Estates – Revenue Adjustment		+0.030	+0.030	Green - Procurement of new contract to commence shortly.	-	-	-
58	Housing		+0.035	+0.035	Green - Consultation on the Housing Restructure commences 22nd May and includes the post that the funding is attributed to. The new structure will be implemented by 1st August 2024	-	-	-
59	Environmental Hub Waste Transfer Station		+0.040	+0.040	Green	-	-	-
60	Rural and Visitor Economy		+0.045	+0.045	Green - Additional revenue support is required to cover the	-0.021	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					increase in electricity charges for the Rural and Culture Economy Service to maintain existing service provision at Tatton Park and Countryside sites.			
61	Minimum energy efficiency standards (MEES) - Estates - Revenue Adjustment		+0.079	+0.079	Amber – dependent on third party lease renewals and EPC requirements. Lease renewals identified and commenced internally.	+0.023	-0.047	-0.055
62	Public Rights of Way Income Realignment		+0.115	+0.115	Completed	-	-	-
63	Pay inflation	Revised post consultation	+0.788	+0.788	Amber - NJC Pay Claim process has started (claim is £3,000 or 10% vs MTFS 3%).	+0.418	+0.428	+0.428
64	Crewe town centre maintenance and operation		+0.650	+0.650	Green	+0.352	+0.089	+0.066
65	Assets - Buildings and Operational		+3.119	+3.119	Green	+0.423	+1.481	-
66	Landfill Site Assessments revenue adjustment - Estates – CE Owned Landfill sites (53 sites) Review and Risk Assessment completions		-	0	Amber - £10k cost growth in for 25/26. Second stage of the review to commence shortly. Internal capacity within Environmental Service to be identified.	+0.010	-	-
67	Tatton Park Estate Dwellings Refurbishment		-	0	Completed - Provision for response maintenance issues for 8 onsite dwellings to ensure properties meet standards required as part of tenancy	+0.015	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
					agreements and the National Trust lease.			
68	Improving Crewe Rented Housing Standards		-	0	Green	+0.188	-0.188	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
	Environment and Communities Committee		-0.052	TBC	Committee to receive the progress update in July	+2.122	+1.386	+1.699
69	Refresh wholly owned company overheads and contributions	EC1	-1.000			+0.800	-	-
70	Strategic Leisure Review (Stage 2)	EC2	-1.305			+0.403	-0.203	-0.166
71	Mitigate the impact of contract inflation and tonnage growth	EC3a (split)	-0.490			-	-	-
72	Emergency reduction of Household Waste Recycling Centres (HWRC) to four core sites	EC3b (split)	-0.263			+0.263		
73	Libraries Strategy	EC4	-0.365			-0.250	-	-
74	Reduce costs of street cleansing operations	EC5	-0.200			-	-	-
75	Reduce revenue impact of carbon reduction capital schemes	EC6	-0.336			-0.419	-	-
76	Increase Garden Waste charges to recover costs	EC7	-0.045			-0.134	-	-
77	MTFS 80 (Feb 23) - Waste Disposal - Contract Inflation and Tonnage Growth (updated forecast)		+3.577			+0.864	+0.577	+0.903
78	Pay Inflation – CEC & ASDV	Revised post consultation	+1.861			+0.938	+0.962	+0.962
79	Pension Costs Adjustment		-0.151			-0.159	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
80	MTFS 90 (Feb 23) Strategic Leisure Review		+1.250			-	-	-
81	MTFS 91 (Feb 23) – Green Spaces Maintenance Review		-0.200			-	-	-
82	MTFS 92 (Feb 23) - Review Waste Collection Service - Green Waste		-3.150			-	-	-
83	Review MTFS 92 (Feb 23) Garden waste subscription financial model in line with latest subscription levels and with actual observed position on any waste migration		-0.429			-	-	-
84	MTFS 93 (Feb 23) Libraries - Service Review		-0.200			-	-	-
85	Explore a Trust delivery model for Libraries and other services		+0.150			-0.350	-	-
86	CCTV		-0.030			-	-	-
87	Congleton Town Council Collaboration Agreement – Grounds Maintenance		-0.062			-	-	-
88	Closed Cemeteries		+0.005			+0.005	+0.005	-
89	Environmental Hub maintenance		+0.023			+0.018	+0.012	-
90	Review Closed Landfill Sites		+0.300*			-	-	-
91	Land Charge Income Adjustment		+0.050			+0.147	-	-
92	Building Control Income Alignment		+0.203			-	-	-
93	Local Plan Review		+0.255			-0.160	+0.033	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
94	Planning income		+0.400			-	-	-
95	Planning Service Restructure		-			+0.300	-	-
96	Review of Household Waste Recycling Centres	Revised post consultation	+0.100			-0.144	-	-

* Item represented a one-off saving in 2023/24. As it is not a permanent part of the budget, the value of the proposal is reversed in 2024/25.

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
	Highways and Transport Committee		+4.869	+4.869		+1.457	+1.976	+2.404
97	Highway maintenance savings	HT1	-0.750	-0.750	Green - Reductions to deliver savings have been identified and are being delivered in year.	-	-	-
98	Introduce annual increases to car parking charges	HT2	-0.150	-0.150	Green - Annual inflation adjustment to existing P&D tariffs can be implemented by 1st July 2024, in advance of bringing charges into effect in the "free towns". This is 3 months earlier than planned.	-0.450	-	-
99	Pension Costs Adjustment		-0.052	-0.052	Completed	-0.055	-	-
100	Highways		-0.031	-0.031	Completed - This saving was delivered by changes to response times to defects in 2023/24.	-	-	-
101	Safe Haven outside schools (Parking)		-0.023	-0.023	Amber - WARN procedure has been used for sole-source procurement of type-approved equipment from the supplier authority.	+0.010	-	-
102	Transport and Infrastructure Strategy Team - Restructure		+0.120	+0.120	Green - Vacancies in existing structure provide some flexibilities of resourcing and recruitment planning.	-	-	-
103	Pay Inflation	Revised post consultation	+0.339	+0.339	Amber - NJC Pay Claim process has started (claim is £3,000 or 10% vs MTFS 3%).	+0.152	+0.156	+0.156

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
104	Parking - PDA / Back Office System contract		+0.100	+0.100	Amber	-0.030	-	-
105	Flood and Water Management Act 2010 SuDS & SABs Schedule 3 Implementation		+0.100	+0.100	Green - Training plan for existing staff identified. Recruitment to be progressed.	-0.050	+0.050	+0.050
106	Energy saving measures from streetlights		+0.242	+0.242	Completed - This entry was in the MTFS to cancel an unachievable saving from 2022-3. There is no further action.	-	-	-
107	Parking		+0.245	+0.245	Amber - Cross directorate working group is meeting weekly to manage progress across all inputs. Key risks are a) reliance on electricity DNO companies for connections to new sites and b) consultation with town and parish councils on asset transfer options.	-0.970	-	-
108	Highways Revenue Services		+2.479	+2.479	Completed - This is a growth item. The growth has been factored into 2024/25 service levels and business plans. No further action.	+2.654	+2.118	+2.329
109	Local Bus		+2.250	+2.250	Green	-	-	-
110	FlexiLink Service Improvement Plan		-	-	Green	+0.296	-0.298	-0.131
111	Highways Depot Improvements		-	-	Red - The savings in 2025/25 and 2026/27 will be reviewed. If the necessary capital investment is not available due to affordability issues these savings cannot be made.	-0.050	-0.050	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Service Budgets	Budget Consultation Reference	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
112	Bus Stop Advertising Revenue Generation		-	-	Amber - Opportunity to shadow CWAC's extension of the existing contract in the interim period.	-0.050	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
	Finance Sub-Committee	-19.667	-19.667		22.141	2.232	0.432
113	Capital Financing - Minimum Revenue Provision	+9.508	+9.508	Green - based on the assumption the drawdown from the Earmarked Reserve is still available as per the Reserves Strategy in the MTFS – we will need to continually monitor interest rates and the Councils need to borrowing during 2024/25	+14.528	+14.058	+12.698
114	Central Bad Debt Provision adjustment	+0.600	+0.600	Completed – Budget adjustment	-	-	-
115	Use of Earmarked Reserves – MTFS Reserve*	+0.255	+0.255	Completed – Budget adjustment	-0.255	-	-
115	MTFS Reserve – reversal of 2023/24 use**	+1.536	+1.536	Completed – Budget adjustment			
116	Collection Fund Reserve - Use of Earmarked Reserves*	-0.834	-0.834	Green - Approved to be drawn down in line with the budget/MTFS	+0.834	-	-
116	Collection Fund Reserve – reversal of 2023/24 use of reserves**	+2.234	+2.234	Completed – Budget adjustment			

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
117	Brighter Futures Transformation – reversal of 2023/24 use of reserves**	+1.271	+1.271	Completed – Budget adjustment	-	-	-
118	Use of General Reserves – Fund in-year budget shortfall [NEW]	-11.654	-11.654	Green - Approved to be drawn down in line with the budget/MTFS	+11.654	-	-
119	Council Tax - % increase	-13.527	-13.527	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target	-8.542	-8.891	-9.287
120	Council Tax – Base increase	-2.461	-2.461	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target	-3.162	-2.935	-2.979
121	Business Rates Retention Scheme – use of S31 compensation grants	-1.350	-1.350	Green - grants to be received in line with final settlement from DLUHC	-	-	-
122	Unring-fenced Grants + Revenue Support Grant	-5.245	-5.245	Green - grants to be received in line with	7.084	-	-

MTFS Section 1 Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	Progress 2024/25 (RAG rating and commentary)	2025/26 £m	2026/27 £m	2027/28 £m
				final settlement from DLUHC			
123	Council Tax and Business Rates Collection [NEW]	TBC	TBC				
124	Council Tax Support [NEW]	TBC	TBC				

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OPEN

Finance Sub Committee

25 June 2024

Draft Pre-audited Financial Statements – Wholly Owned Companies 2023/24 and Out-turn Update 2023/24

Report of: Adele Taylor: Interim Director of Finance and Customer Services (s151 Officer)

Report Reference No: FSC/25/24-25

Ward(s) Affected: All

Purpose of Report

- 1 This report confirms that the Council's wholly owned companies (WOC's) will publish, on their websites, their pre-audit Summary Financial Statements for year ended 31st March 2024, alongside the Council's 2023/24 Group Financial Statements.
- 2 Information on the 2023/24 pre-audit Financial Statements for the WOC's will be presented to the Sub Committee. This step is taken to provide Sub Committee members with an early summary of the Company single entity accounts and whilst the Sub Committee do not approve the Financial Statements it enables them to review in advance of any formal responsibility to approve the Council Group Accounts which these Financial Statements feed into.
- 3 This report provides members with the pre-audited overview of the Company Outturn for the financial year 2023/24. Members are being asked to note the financial performance of the Companies.

Executive Summary

- 4 This report outlines the timelines and processes for the pre-audited WOC's Financial Statements for 2023/24.

- 5 This report also provides Members with an overview of the Outturn position for the Companies for the financial year 2023/24.
- 6 The Companies will separately produce an Outturn Report for the year that reflects both financial and non-financial performance, this will be reported to the Finance Sub Committee in September 2024.

RECOMMENDATIONS

The Finance Sub Committee is recommended to:

1. Note the summarised position of the WOC Financial Statements for year ended 31st March 2024 based on the presentation provided at this meeting and included in this report at Appendix 1.
2. Note the dates in relation to the approval process for the Financial Statements.
3. Note the overall financial performance of the WOC's in the 2023/24 financial year, as contained within the Appendix 1, as follows:
 - (a) ASDV Reserves increased by £0.173m, retained reserves are £2.016m.
 - (b) Wholly Owned Companies Net Core Contract Spending was £45.051m

Background

- 7 The Company financial statements are prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 8 The financial statements for Ansa Environmental Services Ltd (Ansa) and Orbitas Bereavement Services Ltd (Orbitas) are prepared on a going concern basis and comply with the Companies Act 2006.
- 9 The CEC Group statements consolidate the accounts of: CEC and two wholly owned subsidiaries (Ansa and Orbitas).
- 10 This mirrors treatment of these organisations in 2022/23. The single entity statements for Ansa and Orbitas will be presented to the Company Boards for approval in October 2024 and will also be brought back to the Sub Committee for noting in the Autumn 2024.

- 11 The objective of the Financial Statements is to provide information about the WOC's financial performance that is useful to a wide range of interested parties including CEC as Shareholder. Its purpose is to give readers and stakeholders clear information about the Company finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Company net worth?
- 12 Members are not required to approve the pre-audit company Financial Statements. However, the Director of Finance & Customer Services (Section 151 Officer) is providing the Sub Committee with an early indication of the key messages from these Financial Statements as part of the overall financial reporting for the Cheshire East Group and as Shareholder.
- 13 A Summary Financial Statement document comprising of the Statement of Consolidated Income (Profit & Loss) and the Statements of Financial Position (Balance Sheet) will be published alongside the Council's draft 2023-24 Accounts publication (as soon as available) for each respective company on their website with a link to the CEC Group Accounts. Company Boards are responsible for approving the Financial Statements and ensuring that they are published at Companies House 9 months after the Accounting Date (31 March 2024), therefore on or before 31 December 2024.
- 14 The final audited Financial Statements will also be presented to this Sub Committee for noting in the Autumn 2024 along with a copy of the respective External Audit Reports.

2023/24 Out-turn – See Appendix A
- 15 The core contract expenditure of Ansa and Orbitas, charged at cost to CEC in 2023/24 is £45.051m.
- 16 Net (after tax) commercial profits of Ansa and Orbitas total £0.173m; adding to retained reserves, such that they now total £2.016m.

Consultation and Engagement

- 17 The WOC Summary Financial Statements will be made available on the company websites in line with the Council's draft 2023-24 Accounts publication date (as soon as available).

The WOC's are required to publish their audited Financial Statements at Companies House on or before 31st December (for Accounting periods ending 31 March). Accounts for each of the private companies within the Cheshire East Group will also be provided to Companies House as required.

(website: <https://www.gov.uk/government/organisations/companies-house>)

Reasons for Recommendations

- 18 The draft Financial Statements present the financial performance for the companies for the financial year 2023/24. The Director of Finance & Customer Services (Section 151 Officer) is providing the Sub Committee with an early indication of the key messages from these Financial Statements as part of the overall financial reporting for the Cheshire East Group and as Shareholder.

Other options Considered

- 19 Not applicable.

Implications and Comments

Monitoring Officer/Legal

- 20 The financial statements have been prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 21 The Financial Statements for Ansa and Orbitas have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial instruments and comply with the Companies Act 2006.
- 22 The Accounts and Audit (Amendment) Regulations 2022 statutory audit deadlines for 2023/24 state the publication date for audited accounts 31st May 2024 for all local authority bodies. As part of the Cheshire East Council Group, the Wholly Owned Companies (WOC's) are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.
- 23 The audited Financial Statements are to be approved by the Company Boards and published by the 31st December 2024 on Companies House.

Section 151 Officer/Finance

- 24 The Financial Statements summarise the financial activities of the Companies for the preceding financial year and their position at the year end. They summarise the Company turnover and expenditure, assets

and liabilities, and the level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the company. The Financial Statements are an important part of Company and also Council Group financial governance and stewardship arrangements.

Policy

25 There are no Policy implications.

Equality, Diversity and Inclusion

26 There are no Equality, Diversity or Inclusion Implications.

Human Resources

27 There are no Human Resources Implications.

Risk Management

28 The financial statements have been prepared in accordance with Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006.

29 Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

Failure to prepare the financial statements as described above could result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Company and Council reputation

Rural Communities

30 There are no Rural Communities implications.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 31 There are no Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND) Implications.

Public Health

- 32 There are no Public Health implications

Access to Information	
Contact Officer:	Adele Taylor Interim Director of Finance and Customer Services (Section 151 Officer) Adele.taylor@cheshireeast.gov.uk
Appendices:	Appendix A – Draft Summary Accounts and Out-turn – Companies 2023-24
Background Papers:	None

Finance Sub Committee 25th June 2024

2023/24 Draft Financial Statements Wholly Owned Companies

Publishing deadlines

The Accounts and Audit (Amendment) Regulations 2023

- The Accounts and Audit (Amendment) Regulations 2023 statutory audit deadlines for 2023/24 state the publication date for audited accounts 31st May to 30th September 2024 for all local authority bodies.
- As part of the Cheshire East Council Group, the Wholly Owned Companies (WOC's) are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.
- The WOC's are required to publish their audited Financial Statements at Companies House on or before 31st December (for Accounting periods ending 31 March).

Important Dates

To be published alongside CEC draft Accounts as soon as available.	Summary Financial Statements on company websites
June 25th	Sub Committee receive presentation on draft Financial Statements – WOC's
July - Sept	Grant Thornton on site for main audit (July)
October	WOC Boards receive audit findings and Audited FS for Approval.
Date TBC	Sub Committee receive audit findings and Audited Financial Statements for noting.
On or before December 31st	Audited Financial Statements deadline to be published at Companies House

Approving the Accounts

- The CEC Group Accounts require the approval of the Audit & Governance Committee.
- The wholly owned companies as entities within the CEC Group also have single entity accounts that require approval by the Company Board. Recommendations will be made at the October 2024 Board cycle.
- The Group of Companies accounts are audited by Grant Thornton UK LLP.

Wholly Owned Company – Single Entity Financial Statements

Strategic Report

- Overview of financial performance.
- Includes achievements, risks and lots of facts and figures.
- A separate Company led report on 2023-24 Operational Performance & Financial performance was provided to CLT (08/05/24).

Management Accounts headlines

- The WOC out-turn performance is split between Core Services provided to CEC and Commercial activities.
- Core Services provided to CEC should operate on a net cost basis i.e. if the company is requested by the Council to provide additional services – then the company is paid by the Council for the additional services.
- Commercial Activities are subject to Corporation Tax and out-turn profits are retained 100% by the Company.
- WOC Reserves increased by £0.173m (2022/23 £0.462m), leaving retained reserves at £2.016m.
- Wholly Owned Companies Net Core Contract Spending was £45.051m (2022/23 £37.94m)

Members of the Sub Committee should consider:

- Relevance of the information provided
- Transparency of the accounts
- Engage with the Finance Team on any queries up to the Sub Committee Date

The Finance Team will:

- Work with Grant Thornton and Mazars to complete the audit.
- Finalise the accounts based on feedback

Wholly Owned Company – Out-turn Performance 2023/24

Out-turn	Ansa £'000	Orbitas £'000
Core Management Fee 2023/24	40,676	1,974
Additional Management Fee claimed in year*	2,467	261
Revised Management Fee 2023/24	43,143	2,235
Core Out-turn 2023/24	42,921	2,130
Overspend / Under-spend at Out-turn	(222)	(105)
Rebate to CEC / (Additional Cost to CEC)	247	105
Core Out-turn – post rebate/Charge to CEC – (over)/under	(25)	0
Commercial Out-turn after Tax	132	66
NET Profit retained by Company	107	66

*Additional Management Fee claims, reflected in CEC in year reporting are in respect of:

- ANSA – Significant Inflation (Pay Award, Waste Contract Inflation / recycling income decline)
- Orbitas – Pay inflation plus Handyperson additional demand from Adult Social Care

Movement in reserves (£m)	Ansa	Orbitas	TSS	Total
Opening Balance	1.384	0.459	0.023	1.866
Dividend	-	-	(0.023)	(0.023)
In Year Profit	0.107	0.066	-	0.173
Change	0.107	0.066	-	0.173
Closing Balance	1.491	0.525	-	2.016

*TSS adjusted opening balance £0.023m being £0.106m less £0.083m rebate to CEC on reconciliation of 2021/22 final entries. A final Dividend from TSS to CEC £0.023m early 2023/24.

Ansa Environmental Services Limited - Out-turn Performance 2023/24

Statement of Consolidated Income	2023/24 £'m	2022/23 £'m
Turnover	50.456	45.614
Cost of Sales	(43.617)	(38.888)
Gross Profit or (Loss)	6.839	6.726
Administration Costs	(6.572)	(6.354)
Other Operating Income/Expenditure (net)	0.002	0.082
Net Operating Profit / (Loss)	0.269	0.454
Interest Receivable / Payable (net)	(0.179)	(0.093)
Corporation Tax	0.017	(0.078)
Net Profit	0.107	0.283

Statement of Financial Position	2023/24 £m	2022/23 £m
Long Term Assets	4.532	5.661
Current Assets	9.896	8.106
Current Liabilities	(9.205)	(7.534)
Long Term Liabilities	(3.732)	(4.849)
Net Assets	1.491	1.384
Shareholdings	-	-
Retained Reserves	1.491	1.384
Equity	1.491	1.384

Orbitas Bereavement Services Limited - Out-turn Performance 2023/24

Statement of Consolidated Income	2023/24 £'000	2022/23 £'000
Turnover	2,543	2,502
Cost of Sales	(1,588)	(1,509)
Gross Profit or (Loss)	955	993
Administration Costs	(867)	(923)
Other Operating Income/Expenditure (net)	-	-
Net Operating Profit / (Loss)	88	70
Interest Receivable / Payable (net)	-	(1)
Corporation Tax	(22)	4
Net Profit	66	73

Statement of Financial Position	2023/24 £'000	2022/23 £'000
Long Term Assets	8	8
Current Assets	1,122	970
Current Liabilities	(604)	(519)
Long Term Liabilities	-	-
Net Assets	525	459
Shareholdings	-	-
Retained Reserves	525	459
Equity	525	459

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Finance Sub-Committee

25 June 2024

Appointments to Working Groups and Wholly owned Company Boards

Report of: Director of Governance and Compliance (Monitoring Officer)]

Report Reference No: FSC/26/24-25

Ward(s) Affected: No specific Ward

Purpose of Report

- 1 The purpose of this report is to invite the Finance Sub-Committee to agree its appointments to working groups and to appoint shareholder observers to the boards of the Council's wholly-owned companies.

Executive Summary

- 2 The Finance Sub-Committee has previously established a number of working groups to undertake detailed work on its behalf and report back. It has also appointed shareholder representatives/observers to the boards of the Council's wholly-owned companies as one of a series of measures designed to improve the governance arrangements of those companies.

RECOMMENDATIONS

The Finance Sub-Committee is recommended to:

- 1 make appointments to the Shareholder Working Group.
- 2 appoint shareholder representatives to attend and observe the boards of the following wholly owned companies:
 - Ansa
 - Orbitas
 - Tatton Park Enterprises

- | |
|--|
| <p>3 nominate one Member to the Joint Extra Care Housing Management Board.</p> |
|--|

Background

Shareholder Working Group

- 3 At its meeting on 9th November 2022, the Committee received a report which sought to re-establish a Shareholder Working Group to review the Business Plans of Ansa Environmental Services and Orbitas Bereavement Services and related performance reports. The terms of reference of the Shareholder Working Group are set out in the Appendix for information.
- 4 The Sub-Committee appointed a Shareholder Working Group comprising the same chair and members as the working group established by the Sub-Committee on 7th September 2022 to review the governance arrangements of wholly-owned companies, along with supporting officers as set out in the terms of reference.
- 5 In terms of political group representation, the Working Group comprises the following:
- 2 Conservative; 2 Labour; 1 Independent
- 6 This accords with the proportionalities agreed at the Annual Meeting of Council on 15 May 2024.
- 7 The Shareholder Working Group is required to meet on a number of occasions throughout the year to review the business plans and performance of each wholly-owned company, and to report back to this Sub-Committee.
- 8 It is recommended that the Shareholder Working Group be re-appointed for the current municipal year, based on the proportionalities set out above, with the following membership:

Councillors D Brown, D Jefferay, N Mannion, L Smetham and F Wilson.

Appointment of Shareholder Representatives as observers of Wholly-owned Company Boards

- 9 As part of its review of ASDV governance arrangements on 7th September, the Sub-Committee agreed to appoint a member of the Sub-Committee to observe the board of each Council-owned company

as a shareholder representative. Committee must be clear these are **not** directors or replacement for any company director.

- 10 It is now necessary to re-appoint shareholder representative to observe the boards following the election of a new Council.
- 11 The Sub-Committee is recommended to appoint a member of the Finance Sub-Committee as an observer of each of the company boards:
 - Ansa
 - Orbitas
 - Tatton Park Enterprises

Joint Extra Care Housing Management Board

- 12 The Joint Extra Care Housing Management Board is a joint board of Cheshire East Council and Cheshire West and Chester Council. It is responsible for providing strategic guidance, making strategic decisions and reviewing performance in relation to extra care housing provision, except where matters are reserved to the respective authorities. The terms of reference are set out in the Appendix for information.
- 13 The Joint Extra Care Housing Management Board comprises three elected members from each authority.
- 14 The Board previously comprised three Portfolio Holders each from Cheshire East and Cheshire West and Chester. The transitional provisions governing the transition from an executive system to a committee system in Cheshire East provided that the nominations for Cheshire East Council would be made by the chairs of the Corporate Policy Committee, Adults and Health Committee and Finance Sub-Committee. Therefore, the nomination for the Finance Sub-Committee has previously been made by the Chair of the Sub-Committee. It now falls to the Sub-Committee as a whole to nominate one elected member to the Board.
- 15 There are no specific criteria which apply to the appointments.

Consultation and Engagement

- 16 There has been no consultation in relation to this report. The report relates to previous decisions of the Sub-Committee and the need to appoint to various bodies in accordance with the rules of political proportionality where these apply and in accordance with the agreed terms of reference of each body.

Reasons for Recommendations

- 17 In accordance with the Constitution, the Finance Sub-Committee is responsible for the appointment of the bodies referred to in this report.

Other Options Considered

18

Option	Impact	Risk
Do nothing	Not appointing to these bodies would negatively affect the Council's ability to make effective decisions in an open and transparent manner.	Failure to appoint these bodies could adversely affect the operational efficiency and accountability of the Council's wholly-owned companies.

Implications and Comments

Monitoring Officer/Legal

- 19 The appointment to working groups allows members to engage, understand and consider complex issues outside of a formal committee but retaining the assurance that the working group will report back to the committee when necessary for decisions.
- 20 The appointment of a representative as observer of any board is not a director appointment. It reflects an interim proposal agreed by the committee pending a wider review of company governance arrangements.

Section 151 Officer/Finance

- 21 There are no financial implications that require an amendment to the Medium-Term Financial Strategy.

Policy

- 22 There are no direct policy implications.

An open and enabling organisation

Ensure that there is transparency in all aspects of council decision-making

Equality, Diversity and Inclusion

23 There are no direct equality, diversity and inclusion implications.

Human Resources

24 There are no direct human resources implications.

Risk Management

25 Failure to appoint the bodies referred to in this report could adversely affect the operational efficiency and accountability of the Council's wholly-owned companies.

Rural Communities

26 There are no direct implications for rural communities.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

27 There are no direct implications for children and young people.

Public Health

28 There are no direct implications for public health.

Climate Change

29 There are no direct implications for climate change.

Access to Information	
Contact Officer:	Rachel Graves rachel.graves@cheshireeast.gov.uk
Appendices:	The Appendices to this report set out the terms of reference of the Shareholder Working Group as approved by the Finance Sub-Committee, and the Joint Extra Care Housing Management Board.
Background Papers:	The background papers used in preparing this report are committee reports and minutes, all of which are published and available for inspection on the Council's website.



Working for a brighter future together

Shareholder Working Group TERMS OF REFERENCE

1. Purpose of the Shareholder Working Group (“the Group”)

1.1. The Group will give advice and direction to the Finance Sub-Committee (“the Sub-Committee”) who hold the legal responsibility for making shareholder decisions.

1.2. The Group will:

1.2.1. Review the strategic business cases for each WOC and provide strategic advice to the Sub-Committee to support any decision making required by the Sub-Committee in dispensing their responsibilities as shareholder.

1.2.2. Otherwise support the Sub-Committee in dispensing its responsibilities as the Shareholder in respect of the Council.

2. Membership

2.1. The Group shall consist of the following members:

2.1.1. 5 drawn from the Elected Members of the Council, the Chair of the Group shall be appointed by the Sub-Committee from the membership of the Sub-Committee. Other Members need not be Members of the Sub-Committee;

2.1.2. 1 officer representing the Corporate Leadership Team of the Council;

2.1.3. 1 individual providing professional financial support;

2.1.4. 1 individual providing professional legal support.

2.2. The proportionality of the Group shall be determined by the Sub-Committee.

3. In Attendance

3.1. To support the work of the Group the Chair may invite additional individuals to attend each meeting as follows. The individuals may provide information and advice to the Working Group; and will not have voting rights.



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- 3.1.1. Officer(s) representing the commissioned Services of the WOC; depending on which WOC is being discussed
- 3.1.2. Member(s) of the Company Board of the WOC depending on which WOC is being discussed
- 3.1.3. External advice and expertise may also be provided to the Group to assist in their work.

4. Functions

4.1. The core function of the Group is to:

- 4.1.1. Provide assurance that the business plans for each WOC are fit for purpose, meet the needs of customers and commissioners or provide recommendations to ensure that they will;
- 4.1.2. Provide assurance that the business plans for each WOC comply with the Public Contract Regulations 2015;
- 4.1.3. Provide assurance that all WOCs are structured in a way that complies with the relevant statutory and regulatory framework as a company and in their respective areas of operation.

4.2. The Working Group shall provide advice to the Sub-Committee on any potential risks to the Cheshire East Group associated with the current arrangements.

4.3. The Shareholder Group is to make recommendations to the Sub-Committee about whether or not to approve the business plans of each of the WOCs as shareholder. Within this core function the Group will also:

- 4.3.1. Provide strategic advice to the Sub-Committee on the robustness and suitability of each of the WOC Business Plans;
- 4.3.2. Review any proposals to make a significant capital or revenue investment in any of the Council's WOCs;
- 4.3.3. Specifically reviewing any proposal by a WOC to submit a tender for services to a client other than Cheshire East Council;
- 4.3.4. Provide advice to the Sub-Committee before exercising any shareholder consents;
- 4.3.5. Determine the distribution of any surplus or the issue of any dividends from a WOC; and, in making this determination, provide assurance that



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any proposed investment or retention of accumulated surpluses is appropriate for the purposes of the Companies Business Plans.

5. Frequency of meetings

5.1. The Group will meet during the period November to December 2022 and make recommendations to the Sub-Committee on any future pattern of meetings.

6. Administration

6.1. Minutes and agendas will be distributed no later than 5 clear working days prior to the meeting.

7. Principal Information Management needs:-

- Statutory accounts of each company
- Annual engagement and commercial activity report
- Update reports on major projects
- Business plans for each company including risk registers

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Terms of Reference

Joint Extra Care Housing Management Board (JECHMB)

The Joint Extra Care Housing Management Board was established by Cheshire East Council and Cheshire West and Chester Council with the following terms of reference:

The Joint Extra Care Housing Management Board shall be responsible for providing strategic guidance, making strategic decisions, and reviewing performance in relation to extra care housing provision (except where matters are reserved to the respective authorities).

The Joint Extra Care Housing Management Board will function as a joint committee and be subject to all of the usual rules relating to public meetings.

The Constitution of the Joint Extra Care Housing Management Board states that each Council shall appoint three Members and that nominated substitutes shall be allowed to attend any meeting in the place of an appointed member, subject to prior notification being given to the Lawyer and Secretary to the Joint Extra Care Housing Management Board. This nomination should be made to Democratic Services at Cheshire East Council

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Finance Sub Committee Work Programme 2024-25

Report Reference	Date of Sub-Committee	Title	Purpose of Report	Lead Officer	Consultation	Equality Impact Assessment	Part of Budget and Policy Framework	Corporate Plan Priority	Exempt Item
FSC/02/24-25	12/09/24	Financial Management Code Update	To inform on the current status of the Council's compliance with CIPFA's Financial Management Code and to advise on next steps.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/07/24-25	12/09/24	Medium Term Financial Planning Assumptions	To set out the current financial assumptions underpinning the four-year MTFS that was approved at full Council in February 2024. The report will allow members to review and comment on the assumptions for the coming MTFS period 2025-29.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/08/24-25	12/09/24	First Financial Review of 2024/25	To note and comment on the First Financial Review and Performance position of 2024/25, and (if necessary) approve Supplementary Estimates and Virements.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

FSC/14/24-25	12/09/24	Local Government Pension Scheme and Cheshire Pension Fund Update - September 2024	The purpose of this report is to present the latest in a series of briefing notes in respect of key items being presented to the Cheshire Pension Fund Committee	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/21/24-25	12/09/24	ECW (Enterprise Cheshire & Warrington) First Financial Review 2024/25	To note and comment on the ECW (Enterprise Cheshire & Warrington)'s First Financial Review and Performance position of 2024/25.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/09/24-25	07/11/24	Financial Management Code - In Year Update (Finance Sub Committee)	To inform on the current status of the Council's compliance with CIPFA's Financial Management Code and to advise on next steps.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

FSC/10/24-25	07/11/24	Second Financial Review of 2024/25	To note and comment on the Second Financial Review and Performance position of 2024/25, and (if necessary) approve Supplementary Estimates and Virements.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/12/24-25	07/11/24	Medium Term Financial Strategy Consultation 2025/26 - 2028/29	To provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in March 2024.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/22/24-25	07/11/24	ECW (Enterprise Cheshire & Warrington) Second Financial Review 2024/25	To note and comment on the ECW (Enterprise Cheshire & Warrington)'s Second Financial Review and Performance position of 2024/25.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/05/24-25	09/01/25	Local Government Pension Scheme and Cheshire Pension Fund Update - December 2024	To inform the Sub Committee about the Local Government Pension Scheme, its importance in respect of the Council's financial planning and reporting, and to	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

			introduce the first in a series of briefing notes of items presented to the Cheshire Pension Fund Committee.						
FSC/13/24-25	09/01/25	Third Financial Review of 2024/25	To note and comment on the Third Financial Review and Performance position of 2024/25, and (if necessary) approve Supplementary Estimates and Virements.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/15/24-25	09/01/25	MTFS Strategies – Investment Strategy	To note and comment on the Council's Investment Strategy in light of the ongoing budget consultation document and to set out the Council's approach to managing investments in 2025/26.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/16/24-25	09/01/25	MTFS Strategies – Treasury Management Strategy	The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2025/26. To review the draft Treasury Management	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

			Strategy as part of the performance management framework.						
FSC/17/24-25	09/01/25	MTFS Strategies – Capital Strategy	The Capital Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides a framework within which the Council's capital investment plans will be delivered.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/18/24-25	09/01/25	MTFS Strategies – Reserves Strategy	To provide information about the requirements to maintain financial reserves and to provide statements on the types of reserves and current and predicted balances.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No

FSC/23/24-25	09/01/25	ECW (Enterprise Cheshire & Warrington) Third Financial Review 2024/25	To note and comment on the ECW (Enterprise Cheshire & Warrington)'s Third Financial Review and Performance position of 2024/25.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/24/24-25	09/01/25	Medium Term Financial Strategy Consultation 2025/26 - 2028/29 Provisional Settlement Update	To provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in March 2024.	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/19/24-25	10/03/25	Local Government Pension Scheme and Cheshire Pension Fund Update - March 2025	The purpose of this report is to present the latest in a series of briefing notes in respect of key items being presented to the Cheshire Pension Fund Committee	Director of Finance and Customer Service – Section 151 Officer	No	No	Yes	Open	No
FSC/20/24-25	10/03/25	Service Budgets 2025/26	The purpose of the report is to set out the allocation of budgets for 2025/26, for all Committees, following Council's	Director of Finance and Customer Service –	No	No	Yes	Open	No

			approval of the Medium Term Financial Strategy in February 2025	Section 151 Officer					
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Schedule of Urgent Decisions Made by the Chief Executive following consultation with Members

Under Paragraphs 2.10 and 2.11 of the Committee Procedure Rules, an item of urgent business which has to be decided before the next meeting of a committee can be determined by the Chief Executive in consultation with the chair and/or vice-chair of the committee.

Date	Summary of decision	Decision on behalf of
18 April 2024	<p>Orbitas Observer</p> <p>The Finance Sub Committee, at its meeting on 7 September 2023, resolved that there should be an observer appointed from the Sub Committee to the company Boards to report direct to the Shareholder committee.</p> <p>The Observer should be entitled to all document and supporting papers they require to carry out their role, as well as being invited to all meetings.</p> <p>The inclusion of a member of the Finance Sub committee as an Observer provides an open and transparent way for the Shareholder to understand the management and operation of the Council's wholly owned companies at Board level.</p> <p>Cllr M Gorman had previously been appointed as an Observer. However, as he is no longer a member of the Finance Sub Committee a new appointment needs to be made prior to the next meeting of the Finance Sub Committee in June 2024.</p> <p>Decision</p> <p>To approve the appointment of Councillor F Wilson as the Observer for Orbitas, until the position is reappointed to, in the 2024/25 Municipal Year.</p>	Finance Sub Committee

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