

Economy and Growth Committee

Agenda

Date: Monday 10th July 2023
Time: 10.00 am
Venue: Council Chamber, Municipal Buildings, Earle Street, Crewe
CW1 2BJ

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 top of each report.

It should be noted that Part 1 items of Cheshire East Council decision making 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 and non-pecuniary interests in any item on the agenda.

3. **Minutes of Previous Meeting** (Pages 5 - 10)

To approve as a correct record the minutes of the meeting held on 6 June 2023.

For requests for further information

Contact: Rachel Graves

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4. **Public Speaking/Open Session**

In accordance with the Council's 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 committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes each to speak, and 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. **Recommissioning of Housing Related Support Contracts** (Pages 11 - 22)

To consider the report which seeks approval to recommission the Council's Housing Related Support Services contracts.

6. **Cheshire East Common Allocations Policy Review** (Pages 23 - 38)

To consider the proposed changes to the Cheshire East Common Allocations Policy.

7. **Final Outturn 2022/23** (Pages 39 - 104)

To consider the Final Outturn position for 2022/23.

8. **2022/2023 Annual Performance Review - Growth and Enterprise**
(Pages 105 - 126)

To consider the 2022/2023 Annual Performance Review.

9. **Work Programme** (Pages 127 - 128)

To consider the Work Programme.

10. **Housing Development Framework - Update** (Pages 129 - 136)

To consider the update report on progress of the Housing Development Framework.

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 Paragraphs 1,2, 3, 5 and 7a 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. **Housing Development Framework - Update** (Pages 137 - 144)

To consider the confidential appendix.

13. **Royal Arcade Phase 2, Crewe** (Pages 145 - 168)

To consider the report.

Membership: Councillors D Brown, J Clowes, A Critchley, B Drake, M Goldsmith (Chair), M Gorman, A Heler, N Mannion (Vice-Chair), G Marshall, C Naismith, C O'Leary, P Redstone and F Wilson.

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Economy and Growth Committee**
held on Tuesday, 6th June, 2023 in the Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M Goldsmith (Chair)
Councillor N Mannion (Vice-Chair)

Councillors C Browne, J Clowes, A Critchley, A Heler, G Marshall, C Naismith,
C O'Leary, P Redstone, A Coiley and L Crane.

OFFICERS IN ATTENDANCE

Peter Skates, Acting Executive Director of Place
Andy Kehoe, Head of Estates
Charles Jarvis, Head of Economic Development
Karen Carsberg, Head of Housing
Mandy Withington, Legal Services
Adrian Leslie, Legal Services
Wendy Broadhurst, Lead Finance Partner
Nikki Bishop, Democratic Services Officer

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors David Brown, Fiona Wilson, Brian Drake and Michael Gorman.

Councillors Craig Browne, Laura Crane and Alan Coiley were present as substitutes.

2 DECLARATIONS OF INTEREST

In the interests of openness and transparency, Councillor M Goldsmith declared that he was the seconder of item 5 on the agenda (Notice of Motion: Leasehold Reform) and would vacate as Chair of the Committee for this item.

In the interests of openness and transparency, Councillor L Crane declared that she was the mover of item 5 on the agenda (Notice of Motion: Leasehold Reform).

Councillor C Naismith, in the interests of openness, declared that he lived on a new build estate and paid property maintenance charges (freehold property) and that no decision taken by the Committee would benefit him personally.

3 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on Tuesday 14 March 2023 be approved as a correct record.

4 PUBLIC SPEAKING/OPEN SESSION

Councillor Hayley Whitaker, Ward Member for Poynton East and Pott Shrigley, attended Committee to make a statement in relation to item 7. Cllr Whitaker stated that Poynton Town Council and local residents had a number of concerns in relation to the Flood Study prepared by Jacobs. Local residents and the Town Council felt that the Flood Study did not take into consideration local knowledge. Poynton had suffered three serious flooding events between 2016-2019. Cllr Whitaker, on behalf of the Town Council and local residents, requested that the historical data and local knowledge was used to sense check the Flood Survey, hydrological modelling was re-evaluated, and that consideration was given to obtaining an independent second opinion on the Flood Study.

Beverley Hulme, representing Friends of Poynton Pool, addressed the Committee in relation to item 7. Ms Hulme raised concerns in relation to the tolerance of the proposed kerb forming the dam crest and the short, medium and long-term sustainability of this tolerance. Ms Hulme queried how Cheshire East Council would maintain good grass coverage, how public access would be managed and if this would be prohibited. Ms Hulme also requested that a depth analysis of the pool be undertaken.

Cllr Laurence Clarke, Poynton Town Council, addressed the Committee in relation to item 7. Cllr Clarke referred to the opening of the Poynton Relief Road and asked if the flood category status of the dam had been reviewed in light of this change. Cllr Clarke urged the Committee to ensure that any mitigation works be located in Poynton and that a full list of alternative options be shared with the Town Council along with the reasons for these being discounted.

Mike Ellison, local Poynton resident, attended Committee to speak in relation to item 7. Mr Ellison referred Committee Members to the Council's Site Allocations and Development Policies document and stated that Poynton Town Council had commissioned a valuation using the CAVAT method and that the value of the trees affected by the proposal was calculated to be in the excess of £3m. Committee Members were urged to request that officers review the Risk Based Approach and ALARP calculation to include the increase in the costs of the project and the valuation of the trees that would be lost or damaged.

5 NOTICE OF MOTION: LEASEHOLD REFORM

Councillor M Goldsmith vacated his position as Chair for this item as the seconder of the Notice of Motion. Councillor N Mannion took the role of Chair.

The Committee considered the report in response to a Notice of Motion relating to Government's Leasehold Reform. Council on 22 February 2023 referred the Notice of Motion to the Economy and Growth Committee for consideration.

The motion, proposed by Councillor L Crane and seconded by Councillor M Goldsmith proposed that Council resolved to:

- 1) Write to the Secretary of State for Levelling Up, Housing and Communities to request that the Government:
 - a. Delivers the Leasehold Reforms that were promised and that they include the online calculator for lease extensions and enfranchisement as soon as possible.
 - b. Prevents the sector from fixing capitalisation rates at a low rate in the calculation to avoid pushing up the cost for the leaseholder.
 - c. Speeds up progress on other reforms from the Law Commission – such as Right to Manage and commonhold to address the issues seen today with service charges and insurance commissions.
- 2) The Council to consider through the refresh of the Local Plan:
 - a. Implementing planning policy changes to ensure developers are unable to create so called 'fleecehold' where fees are typically secured by a rent charged and;
 - b. If and when Cheshire East Council sells any reversionary freehold or leasehold interests, then it will offer first refusal to the existing leaseholder at fair value.

It was noted that the Leasehold Reform Act 2022 which came into force on 30 June 2022 restricted ground rents on newly created long leases for residential properties and that the second part of the legislation, which would deal with existing leasehold properties, was awaited.

It was confirmed that there was currently no requirement, as a matter of law or national planning policy, for new open space that was created as part of a development scheme to be conveyed to the Council by the developer. Given the absence of any legal requirements and that a key test of local plan policy at examination was consistency with national planning policy, it was not proposed that the next refresh of the Local Plan provided a route to address the issue. It was also reported that any request to sell any reversionary freehold or leasehold would be dealt with

on a case-by-case basis, as the Council was compelled by statute to achieve best price for its land and property assets.

Councillor O'Leary referred to stock sold by the Council to Registered Housing Providers for affordable housing schemes and asked how many individuals had a protected right to buy as a result of this transfer and if there were any leaseholders/freeholders that were transferred who were subject to charges. Officers committed to provide a written response.

Councillor C Naismith referred to the lack of legal requirement for open spaces to be conveyed to the Council on new estates and roads to be adopted by the Council and queried how the introduction of a local policy on this issue would be inconsistent with the national planning policy framework. Officers committed to provide a written response.

Amendments were proposed and seconded and subsequently carried which sought agreement to amend/add the following recommendations:

Recommendation 3.1 to include reference to concerns raised in relation to management companies encouraging the use of inhouse solicitors.

3.2 The Committee request that the Environment and Communities Committee further investigate any opportunities to deter developers from creating so called 'fleecehold' where this is within the remit of Cheshire East council.

3.3 Consideration of sale to the leaseholder be given due consideration during the development of the emerging Acquisitions and Disposals Policy for Cheshire East Council.

Councillor M Goldsmith left the room whilst the vote took place.

RESOLVED (by majority) That the Committee

1. Agree that the Chair of the Economy and Growth Committee writes to the Secretary of State for Levelling Up, Housing and Communities raising the issues outlined in points 1a-c above, with the addition of the following issue:
 - 1d) That the letter to the Secretary of State include concerns raised by the Committee in relation to the use of inhouse solicitors.
2. Request that the Environment and Communities Committee further investigate any opportunities to deter developers from creating so called 'fleecehold' where this is within the remit of Cheshire East council.

3. Note that consideration of sale to the leaseholder be given due consideration during the development of the emerging Acquisitions and Disposals Policy for Cheshire East Council.

Councillor M Goldsmith returned to the meeting and Chair position.

6 SERVICE BUDGETS 2023/24

The Committee considered the report on the allocation of the approved budgets for 2023/24 to the Economy and Growth Committee.

The Finance Sub-Committee at its meeting on 8 March 2023 had approved the allocation of the approved capital and revenue budgets, related policy proposals and earmarked reserves to each of the service committees.

Councillor C O'Leary queried the removal of £5m for Macclesfield regeneration from the Medium-Term Financial Strategy. It was confirmed that this line within the Capital Addendum was an unfunded aspiration however the Council would continue to make applications to Government for funding for Macclesfield. Officers committed to providing a written response in relation to the detail of the £5m capital addendum relating to Macclesfield regeneration.

RESOLVED (by majority): That the Committee

1. Note the decision of the Finance Sub Committee to allocate the approved revenue and capital budgets, related budget policy changes and earmarked reserved to the Economy and Growth Committee as set out in Appendix A.
2. Note the financial reporting timetable for 2023-24 set out in Appendix B due to be approved at Finance Sub Committee on 7 June 2023.

7 POYNTON POOL

The Committee considered the report which provided an overview of the progress made to date, and next steps, in relation to works at Poynton Pool. It was reported that a very strong response was received during consultation and engagement with the local Town Council and residents.

The Council as the landowner had statutory responsibilities under the Reservoirs Act 1975 to manage Poynton Pool – a large high-risk reservoir. Recent inspections had found that the reservoir did not meet modern standards and the Council would be required to either undertake works to address the issues or permanently remove water, reducing its capacity to take it outside of the current legislation.

It was confirmed that a meeting between officers and members of Friends of Poynton Pool was scheduled to discuss the concerns raised by the group and local residents. Officers extended the offer to meet to the public speakers present.

Councillor N Mannion stated that he was a member of the Northern Planning Committee which would ultimately consider the planning application surrounding Poynton Pool. Cllr Mannion confirmed that he would not participate in any debate or vote on this matter when it is considered by the Planning Committee.

RESOLVED (by majority): That the Committee

1. Note that the Director of Growth and Regeneration will consider whether to submit planning applications related to this scheme.
2. Note that a virement for £780,000 will be considered by the Director of Finance and Customer Services in consultation with the Chair of the Economy and Growth Committee and the Chair of the Finance Sub Committee. A £580,000 allocation is required from the approved Strategic Capital Project and £200,000 from an earmarked reserve previously set aside for this matter.

Councillor C O'Leary requested that it be recorded that he voted against the above recommendations.

8 WORK PROGRAMME

The Committee considered the Work Programme for the new municipal year. Members referred to the Medium-Term Financial Strategy Consultation 2024/25 – 2027/28 and requested that the Committee be given an early opportunity to consider budget proposals and have more involvement in the process. It was confirmed that dedicated sessions would be arranged for all members as part of this year's budget setting process.

RESOLVED:

That the Committee Work Programme be noted and that the Committee meeting scheduled for 11 July 2023 start at 1pm.

The meeting commenced at 2.00 pm and concluded at 4.00 pm

Councillor M Goldsmith (Chair)

Economy and Growth Committee**11 July 2023****Recommissioning of Housing Related Support Contracts**

Report of: Peter Skates – Acting Executive Director – Place**Report Reference No: EG/03/23-24****Ward(s) Affected: All Wards****Purpose of Report**

- 1 The aim of this report is to seek approval to recommission the Council's Housing Related Support Services contracts which were previously reviewed and commissioned in 2019.
- 2 Housing Related Support Services include accommodation based and floating support services provided directly to people in their own homes. These services are provided for people at times of crisis and also for those who require further ongoing support. They provide a stable environment for people who have previously led chaotic lives and support them to ensure that they are ready to successfully manage a tenancy and eventually live independently.
- 3 This contributes towards the Council's Corporate Plan 2021-2025 to be a Fair Council with the aim of reducing inequalities, promote fairness and opportunity for all and support our most vulnerable residents.

Executive Summary

- 4 The current Housing Related Support contracts run from 1st April 2020 until 31st March 2024. Although there is an opportunity to extend these contracts for a further year, there have been changes within the environment in which we are operating which have instigated a need for review.

- 5 In 2022, we commissioned Homeless Link, who are a charity that work directly with the homeless, to undertake a full robust review of our existing commissioned services and also services which are operating across the Council which are not commissioned by Cheshire East but offer support to those who are homeless and need support.
- 6 Following the outcome of the review, the consensus is that recommissioning at this point will provide more targeted services to meet the current and future needs of the residents of Cheshire East.
- 7 The new commissioned services would have an initial 5-year contract with the option to extend by one year on two occasions making the maximum term of the contract 7 years.
- 8 The Housing Related Support Contracts are funded within Housing's base budget which is £713,000 per annum. We are looking to enhance this by the utilisation of our Homelessness Prevention funding, allocated to Councils by the Department of Levelling up, Housing and Communities for the financial year 2024/25.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Approve the recommissioning of the services as outlined within this report from 1st April 2024 using an open procurement process for an initial term of 5 years, with the option to extend for up to a further 2 years at a total contract value of £5,831,000
2. Delegates authority to the Director of Growth and Enterprise to award the contracts following the procurement process in line with financial delegations.

Background

- 9 The country is currently experiencing a challenging financial climate, with the cost-of-living crisis, high energy costs, and uncertainty over inflation rates and the risk of recession. These financial pressures can impact lower income households more profoundly, with housing related costs 'more of a factor' to lower income households (ONS, 2021). Helping to support people at risk of homelessness in sustaining their accommodation is therefore of critical importance to the council's ambitions to tackle homelessness.

- 10 Housing Related Support services in Cheshire East provide a good provision of support and accommodation, enabling people who have experienced homelessness to rebuild their lives and move on successfully into their own tenancies.
- 11 In 2021/22, a total of 1,269 households were referred for Housing Related Support services in Cheshire East. During the same period, 485 service users were successfully helped to 'move on' from our supported accommodation, with many moving into private and social housing tenancies.
- 12 The current services commenced in April 2020 and provide the following:
 - (a) Floating Support North
 - (b) Floating Support South
 - (c) Supported accommodation North - complex needs, over 25
 - (d) Supported accommodation South - complex needs, over 25
 - (e) Supported accommodation North - Fast Track, Women's and families
 - (f) Supported accommodation South - Fast Track, Women's and families
 - (g) Emergency accommodation North
 - (h) Emergency accommodation South
- 13 In November 2022, the Economy and Growth Committee approved that the Floating Tenancy Support North contract be brought in house on a temporary basis until the recommissioning of all services was undertaken.
- 14 Homeless Link were commissioned in December 2022 to undertake a review of our existing contracted services and consult with other organisations who provide similar services to support the homeless. This has supported the ongoing review of contracts and help to shape the proposal for the new specifications.
- 15 In April 2023, a first draft report was provided which outlined a number of recommendations, these are outlined below and have influenced the basis on which the recommissioning of services will be structured. A final report is due in May 2023 from Homeless Link following a period of refinement to provide the finalised analysis, review and recommendation.

16 The findings and recommendations include:

- (a) **Developing more suitable provision for those experiencing 'complex needs' Homelessness:**
 - (i) Over two thirds of service users who go into emergency or Complex Needs accommodation have a history of mental health and drug / alcohol misuse, which is indicative of a need for intensive and tailored support for many service users.
 - (ii) *"... people with Complex Needs should be accommodated in smaller buildings or self-contained dispersed accommodation, with wraparound intensive support (24/7) that focuses on a therapeutic approach"* Homeless Link.
- (b) **Elements of the current commissioned offer are assessed as not meeting need:**
 - (i) including a lack of accommodation and support tailored towards women (often with multiple support needs and who have experienced multiple trauma / abuse); those with lower assessed needs (for instance those without a history of mental health and addiction issues); and for couples who are street homeless and wish to be housed together.
 - (ii) The occurrence of homeless people with physical health needs requiring temporary accommodation is increasing, and the availability of suitable supported accommodation, such as level access and wheelchair accessible, is not abundant across services.
- (c) **'Appropriateness' of accommodation offers and providing more options for key client groups:**
 - (i) Some service-user feedback indicated that individuals may not always feel safe in the existing accommodation offers. This can result in refusals of offers to people, or early abandonment of their accommodation.
 - (ii) People who are going through recovery for addiction or have no history of substance misuse may currently be expected to be housed with those who are abusing alcohol or drugs. Provisions such as 'dry' housing or specific recovery housing pathway model could be beneficial.

(d) Evictions from supported housing / unplanned move on:

- (i) The rates of evictions, or ‘unplanned exits,’ from our commissioned beds are high in comparison to other areas and a leading factor in people experiencing ‘repeat’ homeless
- (ii) Arrears of service charges and poor behaviour is cited as main reasons for eviction. These factors will need careful consideration as to how providers can best manage risk and engage with residents regarding service charges, managing finances and behaviour.

(e) Market engagement and tendering process

- (i) Tenders should encourage the adoption of partnership approaches, which in turn can offer an ‘economy of scale’ and bring together specialisms across different providers.
- (ii) An early market event is being held 16th May 23 with registered providers and support providers to further engage in the design of specifications for future services.

17 The proposed timetable for the procurement and contract award is as follows:

Action	Timeframe
Development of specifications	May – August 2023
Request TUPE information	September 2023
SMT/CLT approval	14 th June 2023
Committee consideration and approval	11 th July 2023
Published on the Chest	01 Sept 2023
Tenders Close	02 Oct 2023
Interviews, evaluation and moderation	October – November 2023
Tender Award	November 2023
Mobilisation Period	01 Jan 2024 – 31 Mar 2024
Contract Commencement	01 April 2024

Consultation and Engagement

- 18 As part of the commission with Homeless Link, they were required to undertake consultation meeting with a number of organisation and individuals who work with people experiencing homelessness in order to provide recommendations for the future commissioning of Housing Related Support contracts.
- 19 The consultation included commissioned and non-commissioned providers of support, housing staff, key stakeholders and a number of people with lived experience of accessing housing related support in Cheshire East.
- 20 We are continuing to consult with housing and support providers, including a pre-market event on 16 May 2023, to further help shape specifications and contracts

Reasons for Recommendations

- 21 These services are required to support the Council's delivery of statutory housing services. For many people in crisis the provision of accommodation could not be sustained without the support services that are an integral part of the offer.
- 22 This is a crucial time for many households in the borough, who are facing the cost-of-living crisis and inflationary pressures, including high rental costs, household bills and food prices. This will unquestionably put pressure on some of the most vulnerable members of our borough, increasing the risk of debt, rent arrears and tenancy breakdown.
- 23 The Homelessness Reduction Act 2017 and the primary homeless legislation of under Part 7 of the Housing Act 1996, places duties on the local authority to prevent and relieve homelessness, and in ensuring homeless households have access to suitable accommodation for their needs.
- 24 Housing Related Support is not statutory requirement, however, is widely recognised as a crucial component in the prevention of further impacts and costs to public services and budgets, including Health, Adults and Childrens Social Care, and homelessness temporary accommodation.
- 25 These services help to achieve the 4 key priorities outlined in the Council's Homelessness Strategy.
 - (i) Enabling people to remain in their own home
 - (ii) Enable people who are homeless to secure appropriate accommodation
 - (iii) Provide interventions to prevent / reduce rough sleeping

- (iv) Ensure adequate support is in place to help maintain and sustain accommodation

Other Options Considered

26 The following options have also been considered:

Option	Impact	Risk
Do nothing	By not preparing for the retendering of HRS contracts and services, we will have no housing related support services in place. The current contracts will end in March 2025	No services will be in place to continue to support vulnerable people and families who are homeless or at risk of homeless. Those in current accommodation services would be at risk of eviction (approx. 131 households) and recipients of Floating Support South (approx. 45 households) would have no support. Statutory homeless households owed a temporary accommodation duty, as well as those forced to sleep rough, would drastically increase.
Delay the retendering of contracts and exercise the +1-year option.	should we choose to extend for the final year option, and providers agree, we will delay the ability to deliver improvements to the contracts	People experiencing homelessness will not have HRS services brought forward which meet their needs, and we will see increased pressure on statutory services, including temporary accommodation and hotel use for homeless people.

Implications and Comments

Monitoring Officer/Legal

27 These services are required to support the Council's delivery of statutory housing services outlined in the Housing Act 1996 Part VII as amended by the Homelessness Reduction Act 2017. Under the Homeless Reduction Act, all eligible people who are found to be homeless or threatened with homelessness are entitled to tailored support from the housing authority, regardless of priority need and intentionality. Support to prevent homelessness has to be available to everyone regardless of local connection. In addition to this the authority has to provide interim

accommodation for all people found to be homeless and in priority need. Legal will support and work as required with the procurement team as regards any procurement of these services which is required to take place.

Section 151 Officer/Finance

- 28 The Housing Related Support budget forms part of the Strategic Housing approved revenue budget and there is an annual budget of £713,000
- 29 Costs have increased and the type of provision required for this complex client group requires additional support costs. We are therefore proposing to use a proportion of our Homelessness Prevention Grant funding which is allocated on an annual basis to Council's for the provision of homeless prevention activity. We will commit the funding and carry it forward to cover the contract period.
- 30 The funding available for the procurement is therefore as follows:

Funding source	Budget allocation (per annum)	Total required for the 7-year contract
Housing revenue base budget	£713,000	£4,991,000
Homelessness Prevention Grant	£120,000 committed	£840,000
Contract value	£833,000	£5,831,000

Policy

- 31 Housing Related Support contracts contribute towards the prevention of homelessness and forms part of the approved statutory Homelessness and Rough Sleeping strategy which was approved in 2021 by the Economy and Growth Committee.
- 32 The services provided under these contracts also contribute towards the ambition of the Corporate Plan as indicated below:

An open and enabling organisation	A council which empowers and cares about people	A thriving and sustainable place
Through our review of the services and market engagement we are contributing to:	Through the provision of Housing Related Support contracts, we	Enable access to well designed, affordable and safe homes for all our residents.

<p>Listen, learn and respond to our residents, promoting opportunities for a two-way conversation</p> <p>Promote and develop the services of the council through regular communication and engagement with all residents</p>	<p>are contributing towards:</p> <p>Working with partners to address the issues of poor housing, poverty, employment and education opportunities across the urban and rural areas.</p> <p>Vulnerable and older people live safely and maintain independence within community settings.</p>	
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Equality, Diversity and Inclusion

33 An Equality Impact Assessment is currently being completed.

Human Resources

34 It is presumed that staff within the current contracted provisions will be subject to TUPE.

A formal request for TUPE information will be actioned in September 2023, should this report and proposed timescales be approved.

Risk Management

35 Lack of interest in the tender from the market due to a lack of interest, concerns of deliverability, and financial / inflationary pressures on housing providers / suppliers.

- (a) Soft market engagement has been undertaken, including a recent provider event on 16/05/23, and interest has been shown in the tenders.
- (b) Ongoing consultation and engagement sessions will continue over the next 12 weeks to develop specifications with providers and stakeholders and contract lots. Therefore, it is hoped this will reduce this risk further as potential providers will be shaping future delivery.

- 36 Change in regulation regarding supported housing.
- (a) There are ongoing developments within Central Government regarding supported housing - also referred to as 'exempt accommodation' for the purposes of housing benefit. This relates to the high costs of housing benefit subsidies and the regulatory framework to oversee providers' competence and compliance (typically those which are non-commissioned) across the country.
 - (b) Any changes would have to be subject to a transition period and the Council would work with providers to ameliorate against any impact to services.
- 37 Providers' poor performance and/or not delivering services
- (a) Contract Management teams are in place to continue effective, timely monitoring of contracts and to remedy concerns around performance
 - (b) Clauses within contracts will enable the council to take a range of actions against a provider should they not deliver on the contract, such as withholding payments or terminating the contract entirely.

Rural Communities

- 38 This policy will support households to access housing support in all neighbourhoods of Cheshire East, including rural communities.

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

- 39 The impacts on children can be particularly traumatic and long-lasting, severely affecting life chances through adverse effects on their development, education and health. This scheme will protect the health and wellbeing of children and young people living in social and private tenancies, and aims to reduce homelessness, including households with children, and improve access to and sustainment of affordable housing.

Housing Related Support services include accommodation and floating support provision for younger people, including care leavers.

Public Health

- 40 Housing is a key social determinant for a person's mental and physical health. Furthermore, people who experience homelessness are significantly more likely to suffer mental and physical health issues. The proposals within this report will ensure the Council continues to provide effective Housing Related Support services to residents in times of need,

which will help to reduce the prevalence of homelessness and make better quality housing more accessible to residents. This will, in turn, deliver direct and indirect health and wellbeing benefits to Cheshire East residents.

Climate Change

- 41 Provision of services will be split down into geographical areas across the Council's footprint which will avoid unnecessary travel throughout the Borough.

Access to Information	
Contact Officer:	David Fenton David.Fenton@cheshireeast.gov.uk
Appendices:	N/A
Background Papers:	N/A

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Economy and Growth Committee**11 July 2023****Cheshire East Common Allocations Policy Review**

Report of: Peter Skates – Acting Executive Director - Place**Report Reference No: EG/04/23-24****Ward(s) Affected: All Wards****Purpose of Report**

- 1 It is a statutory requirement under the Housing Act 1996 – Part VI for Councils, irrespective of whether they are stock holding or not to have an allocations policy in place which outlines how social housing located within their authority will be allocated
- 2 The Cheshire East Common Allocations Policy was approved in 2018 and subsequent approvals have been given to make minor amendments to bring the policy in line with legislation. Good practice denotes that policies should be reviewed on a regular basis in order to ensure that they are still addressing housing need.
- 3 This report outlines a number of proposed changes to the existing allocations policy and outlines the rational for the changes. It seeks approval to carry out a public consultation exercise on these changes and provides a proposed timeframe for completion.
- 4 The review contributes towards the Council's Corporate plans aim to be Fair - to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable.

RECOMMENDATIONS

The Growth and Economy Committee is recommended to:

1. Note the proposed amendments to the Cheshire East Common Allocations Policy.
2. Authorise officers to publicly consult on the revised draft policy for a period of 12 weeks.
3. To note the final version of the revised policy following consultation will be brought back to the Economy and Growth Committee for approval to adopt.

Background

- 5 The way in which social housing is allocated is key to creating strong, prosperous, sustainable communities. Cheshire East Council is committed to being an open and enabling organisation ensuring that we listen, learn and respond to our residents, promoting opportunities for a two-way conversation.
- 6 Social housing in the borough is a very limited resource and demand significantly outstrips supply with approximately 1,400 social rented properties becoming available each financial year to meet the housing needs of over 10,000 applicants registered, over 2,000 of which are in the highest priority banding. It is therefore imperative that the Policy is able to adequately balance the availability of the resource with the needs that people have for rehousing into social housing. The Policy will drive customer expectations and also reflect the Council's and Registered Housing Providers' priorities.
- 7 To avoid placing households in bed and breakfast accommodation or emergency accommodation, it is imperative that the Council has a range of accommodation options available to be able to discharge its duties under the Homeless Reduction Act 2017. Quick access to social housing to prevent and alleviate homelessness will enable the authority to minimise the number of individuals and families placed in expensive temporary accommodation.
- 8 The last full review of the Common Allocations Policy was undertaken in 2018, with minor amendments being approved in subsequent years to bring the policy in line with legislation.
- 9 Over the last few months, housing staff have been informally consulting with partners in relation to the existing policy and areas of improvement.

Staff have also reflected on comments, compliments, and complaints about the Policy, as well as information received via MP's letters.

- 10 The areas of the Policy requiring change are outlined below along with the rationale for the changes. Full details are contained within the appendix. These changes will then be subject to full public consultation and following analysis of the responses and careful consideration a final updated draft Policy will be presented to Economy and Growth Committee for final approval and adoption.
- 11 Proposed areas for consultation:
 - (a) The allocation of accommodation of houses to families with children under 16 - Presently the policy gives priority for houses to households with children under 16, this is aligned with Public Health Guidance indicating that young children benefit from access to a garden and outside space. Families with children are also eligible for flats but this priority means that children will not miss out on a 2-bedroom house to an older household type. However, larger families with older children are staying at home for longer and we are struggling at times to accommodate them as there are often very few 3-bedroom flats and maisonettes available. By increasing the age for priority to houses this may lessen the delay for these households.
 - (b) New Build criteria – Currently the policy gives priority on first let to workers with a local connection, which then cascades to non-workers with a local connection and finally workers no local connection and non- workers, no local connection. This is coming under increasing scrutiny and challenge from those who are not in work for a number of reasons including caring responsibilities and disability. The recommendation is to revise this criterion to ensure that new build developments retain a balance in the community by continuing to give options to working households but not to exclude households with disabilities, caring responsibilities or that work voluntarily.
 - (c) Homeless band C+ - The current approach to awarding priority to households with a lack of secure tenure requires a refined definition.
 - (d) Urgent Housing need – A very small change to the wording of this area of the policy to reference the broader definition of Domestic Abuse rather than specifically just Domestic Violence.
 - (e) Overcrowding – The policy assessments for bedroom eligibility is based on eligibility to Child Benefit, there is a need to be clear in the policy that this is the assessment criteria. This will align assessments with that of the Department of Work and Pensions and the Housing Benefit Team.

- (f) Welfare – Qualification for priority under this criterion is based on applicants who are experiencing anti-social behaviour, financial hardship, or poor property condition. Partners would like to add the capacity to look at domestic abuse and access to care and support from family members to these assessments.
- (g) Local Connection – The policy presently has a broad category termed as “any other significant reason” for a connection to Cheshire East alongside the more prescribed residency/ work and family categories. This is open to interpretation and is an area often challenged in reviews, appeals and complaints. To define this category more carefully will give clarity and reduce complaints and lessen demand from outside of the borough.
- (h) Property size for allocations – Siblings of the same sex become eligible for their own bedroom at 16, this creates an automatic priority for a much larger home. By permitting the allocation of a room to siblings of the same sex up to any age would lessen the increasing demand for larger properties.

Consultation and Engagement

- 12 Determination of the allocation of social housing is complex in nature and impacts on a wide range of services including Adults/Children’s services, health authorities, statutory agencies as well as third and voluntary sector partners and is a deeply emotive and fundamental issue that has wide implications across individuals, families, and communities. As such, it is vital that affected individuals and agencies have the opportunity to comment on any relevant strategic direction, to ensure that the full range of opinions, experiences, and knowledge are incorporated. By publicly consulting on the draft policy, the Council negates the risk of implementing a strategic direction that does not properly reflect the range of needs and views within the Borough, ensuring it is representative.
- 13 In addition to the general public, a wide range of organisations will be consulted on the draft proposals including but not exclusively:
 - (a) Adult and Children’s Services
 - (b) Local Registered Housing Providers
 - (c) Health
 - (d) Communities
 - (e) Supported accommodation providers
 - (f) Local homelessness charities and support groups
 - (g) Housing Benefits
 - (h) Department of work and pensions
- 14 We are proposing to commence consultation on 25th July 2023 for a period of 12 weeks, ending on 10th October 2023.

- 15 The consultation will take place through a number of mechanisms including:
- (a) Online questionnaire
 - (b) Internal and external briefing sessions
- And it will be promoted through social media channels, press release and direct communications with our existing customers.

Reasons for Recommendations

- 16 It is a statutory requirement that Councils have an Allocations Policy in place under Part VI of the Housing Act 1996. The Policy needs to reflect changes in legislation and Government guidance as well as local requirements.
- 17 It is important that the Policy is regularly reviewed to ensure that it remains fit for purpose and continues to ensure that the limited resource of social housing is allocated fairly, in line with legislation and with local and national priorities.

Other Options Considered

- 18 The only other option is to retain the existing policy; however, this could leave the Council liable to challenge.
1. Do nothing, retaining the existing policy.

Option	Impact	Risk
Do nothing	Customer dissatisfaction and complaints continue to rise in relation the areas of change identified.	Media attention due to the perceived discrimination against people who are not in work.

Implications and Comments

Monitoring Officer/Legal

- 19 Under Part VI of the Housing Act 1996 it is a statutory requirement that every Local Housing Authority in England has an allocation scheme for determining a reasonable preference criteria to be employed in allocating housing accommodation. Allocations must be made in accordance with the scheme.
- 20 The scheme must include a statement o of the Authority's policy on offering people who are to be allocated housing accommodation—
- (a) a choice of housing accommodation; or

- (b) the opportunity to express preferences about the housing accommodation to be allocated to them.
- 21 Before adopting an allocation scheme, or altering a scheme to reflect a major change of policy the Act requires the Local Housing Authority to:
 - (a) Send a copy of the draft scheme, or proposed alteration, to every Private Registered Provider of social housing and registered social landlord with which they have nomination arrangements, and
 - (b) Afford them a reasonable opportunity to comment on the proposals.
- 22 The Localism Act 2011 gives Local Housing Authorities the freedom to manage their housing waiting list better by giving them the power to determine which applicants do or do not qualify for social housing. Local Housing Authorities are able to operate a more focused list which better reflects local circumstances and can be understood more readily by local people.
- 23 Whilst the Act gives the Council more freedom it is still a requirement to maintain the protection provided by the statutory reasonable preference criteria to ensure that priority for social housing goes to those in the greatest housing need.
- 24 Whilst there is no specific requirement on a Council to publicly consult before adopting an allocations policy, apart from with Private Registered Providers of social housing and Registered Social Landlord, case law has established that a duty to consult can be implied where the decision being taken is so important or its impact will be of such significance that basic fairness dictates that consultation is appropriate.

Section 151 Officer/Finance

- 25 The development and consultation of the policy will be undertaken within the existing Cheshire Homechoice approved budget.
- 26 If there are any changes which will be required, which will require changes to the ICT system these will also be covered by Cheshire Homechoice budget
- 27 The proposals will not have any implications for the Council's approved budget/Medium Term Financial Strategy (MTFS).

Policy

- 28 The Common Allocations Policy will contribute towards the vision of the Corporate Plan 2021-2025 to be an open, fair and green Council and help

to deliver the priority to be a Council which empowers and cares about people.

The Cheshire East Council Housing Strategy 2018-23 details a number of key priorities for the Council's Housing service. One of these priorities focuses on 'Preventing Homelessness' under the remit of 'Health, wellbeing and quality of life'. The Common Allocations Policy seeks to set out how social housing will be allocated to those most in need of housing, especially those at risk of homelessness.

Equality, Diversity and Inclusion

29 An Equality Impact Assessment is currently being completed.

Human Resources

30 There are no HR implications, the resources required to undertake this work are already in place.

Risk Management

31 By publicly consulting on the draft policy, the Council negates the risk of implementing a strategic direction that does not properly reflect the range of needs and views within the Borough, ensuring it is representative.

Rural Communities

32 There are no additional implications for rural communities. The rural/community connection criteria is proposed to stay the same as there has been very few issues in relation to this aspect of the policy. There are often protracted waiting times for rural properties as they are very limited, but local residents retain a high priority for these properties.

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

33 None of the changes will impact on Care Leavers directly. The allocation of houses being extended to children under 18 from 16 will increase and improve opportunities for families with older children and perhaps negate the exclusion of older sibling from the family home.

34 Children's Services will be consulted on the overall changes to the policy.

Public Health

35 Housing a key social determinant for a person's mental and physical health. The proposals within this report to review and consult on the Cheshire East Common Allocations Policy will help the Council continues to meet its responsibility to ensure that residents have access to

affordable, appropriate housing, and to reduce the use of temporary accommodation where possible. This is likely to have a positive overall impact on the health and wellbeing of Cheshire East residents, particularly less affluent households.

Climate Change

- 36 The Council has committed to becoming carbon neutral by 2025 and to encourage all businesses, residents, and organisations in Cheshire East to reduce their carbon footprint. Whilst it is not the aim or remit of the Common Allocations Policy to address these issues specifically, the policy will assist households who are homeless or facing homelessness to access suitable accommodation options and maintain their health and wellbeing throughout.

Access to Information	
Contact Officer:	David Fenton David.fenton@cheshireeast.gov.uk
Appendices:	Homechoice Policy Review 2023
Background Papers:	Existing Common Allocations Policy

Appendix - Homechoice Policy review 2023

Area for review	Reason	Suggested revision	Policy Wording																
Houses to children under 16	Children are now expected to remain in education until 18. There aren't many 3 bed flats etc	Increase the eligibility to 18 years old.	<div>Amend the policy wording on page 19: Houses will be prioritised to households with children under 18 and bedrooms allocated as a minimum to the criteria below:</div> <table><tr><th>Household</th><th>Bedroom Need</th></tr><tr><td>Single Applicant</td><td>Studio/One bedroom</td></tr><tr><td>Couple</td><td>One bedroom</td></tr><tr><td>Person aged 16 or over</td><td>One bedroom</td></tr><tr><td>Single child from birth</td><td>One bedroom</td></tr><tr><td>Two children, both under 10 years old</td><td>One bedroom</td></tr><tr><td>Two children of the same sex, aged 10-15</td><td>One bedroom</td></tr><tr><td>Two children of opposite sex, one or both over 10 years old</td><td>Two bedrooms</td></tr></table> <div>Amend the policy wording on page 24: In respect of public health recommendations and the benefits demonstrated to children though access to outdoor space, in addition to the requirement for young people to remain in education until 18, houses will be prioritised to households with children under 18.</div>	Household	Bedroom Need	Single Applicant	Studio/One bedroom	Couple	One bedroom	Person aged 16 or over	One bedroom	Single child from birth	One bedroom	Two children, both under 10 years old	One bedroom	Two children of the same sex, aged 10-15	One bedroom	Two children of opposite sex, one or both over 10 years old	Two bedrooms
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Couple	One bedroom																		
Person aged 16 or over	One bedroom																		
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Two children, both under 10 years old	One bedroom																		
Two children of the same sex, aged 10-15	One bedroom																		
Two children of opposite sex, one or both over 10 years old	Two bedrooms																		
New build criteria	Giving priority to workers is coming under increasing	Change the terminology of the policy to remove references to	Change page 23 to read: New property priority - new build lettings																

	scrutiny and criticism.	<p>employment/ work and replace with:</p> <p>“Positive Community Impact”</p> <p>Definitions of positive Community impact would be:</p> <ul style="list-style-type: none"> • Workers • Committed and frequent voluntary work • People with a disability (in receipt of PIP or attendance allowance) • People committed providing care for a relative/ friend (in receipt of carers allowance) 	<p>There will be a cascade priority for all new build developments on first let only.</p> <p>A shortlist for a new property will be re-ordered to ensure that the following cascade of priority is followed:</p> <p>1st priority – Applicants demonstrating a local connection to the town/ village in which the property is being built</p> <p>2nd priority – Applicants who can demonstrate that they would bring or benefit from a positive community impact (defined below)</p> <p>Positive community impact is defined as:</p> <ul style="list-style-type: none"> - Applicants in work (full or part time) - Applicants committed to 5 hours+ of weekly regular voluntary work (with a reference) - Applicants with a disability and in receipt of PIP or attendance allowance - Applicants providing frequent and regular care for a friend or relative with carers allowance in payment. <p>To qualify for a new build priority the evidence of connection or community impact must be on file before the close of the bidding cycle; this is the applicants’ responsibility.</p> <p>**Where a new property is built within the confines of one of the rural communities the community connection criteria will replace the local connection criteria.</p>
Homeless band C+	The band C+ criteria needs to be adjusted and enhanced to reflect some legislative requirements to give reasonable	It is not presently clear what priority would be awarded to those who refuse offers and those who have homelessness duties owed by another LA but have a connection to CE borough.	<p>Page 14</p> <p>Homeless or at risk of homeless but not under Cheshire East Council duty</p> <p>Where households have elected not to be assessed under the homelessness reduction act or are owed a duty by another local authority; priority band C+ will be awarded to applicants who have:</p> <ul style="list-style-type: none"> • Received a non-priority or intentional homeless decision

	preference to some homeless people.		<ul style="list-style-type: none"> • Had their prevention or relief duty discharged due to the refusal of an offer • Had their full homeless duty discharged due to the refusal of an offer • Have elected not to be assessed under the homelessness reduction act • In short-term supported accommodation provided by a non-commissioned provider and ready to move on <p>AND remain homeless or at risk of homelessness.</p> <p>Those with homelessness duties owed by another LA but have a connection to Cheshire East borough will be placed in band C for reasonable preference</p>
Amend partner list	A number of our partners have changed their names	- The partner list needs to reflect current providers we are working with.	
Urgent housing need	Wording changes to the word's domestic violence to domestic abuse	- To be consistent with the Domestic Abuse act	Various changes thorough out the policy to remove the use of the word "violence".
Overcrowding/ bedroom eligibility/ disability/ accessibility	Clearly identify what evidence is required to support certain eligibility criteria	The policy needs to be clearer about the assessment criteria for bedroom eligibility and bungalow eligibility for disabled applicants. and overcrowding. If the intent is to use Child benefit eligibility, then the policy should be clear on this evidence being required. The same goes for bungalow eligibility and defining CE determined need. Under, both sections refer to the criteria that we use as a measure.	<p>Page 19 (under the table outlining bedroom eligibility): To evidence occupants in a property child benefit eligibility will be used as a measure.</p> <p>Page 16 (under the table outlining the assessment criteria): To evidence occupants in a property child benefit eligibility will be used as a measure.</p> <p>Additional paragraph on page 22:</p> <p>In some cases, properties are advertised with an age restriction, e.g., bungalows; where it is likely that these homes are suitable for an applicant with a disability, providers will permit bids from applicants that have a (CE determined) need for adaptation. For the purposes of assessing a (CE Determined) need for adaptation</p>

			applicants will be asked to supply evidence of their eligibility for the mobility element of the personal independence Payment (PIP).
Welfare	<p>The current criteria considered in the policy under welfare are:</p> <ul style="list-style-type: none"> • Anti-social behaviour • Financial hardship • Property condition <p>To increase the eligibility for band C welfare priority by adding more</p>	<p>There are some people who are not accounted for in the band C assessments under welfare, such as</p> <p>People in refuge due to domestic abuse who have not made a homeless application to CEC</p> <p>Those moving closer to relatives to receive support</p>	<p>Page 17 amendments:</p> <p>Housing impact on a household's welfare</p> <p>Where an applicant's current accommodation is having an impact on the welfare of household members, applicants will be placed in Band C+ if they have no security of tenure and band C if they have security of tenure.</p> <p>Circumstances that will be given consideration under these criteria:</p> <ul style="list-style-type: none"> • Anti-social behaviour • Financial hardship • Property condition • Living in refuge accommodation • Moving closer to support from relatives where there is an assessed eligibility for social care support
Local connection	<p>The term "other significant reason" is very broad and often challenged</p>	<p>Make it clearer that the applicant needs to be specifically in CEC and not just because people need to leave where they are living. There is a lot of challenge on this criterion because people do not feel safe where they live. People at risk of significant harm would be referred to us under witness victim protection programs and would be managed through (homeless applications rather</p>	<p>Applicants who fulfil any of the following will be considered as having a local connection:</p> <ul style="list-style-type: none"> • Currently live, or have lived, in settled accommodation within Cheshire East and have done for at least 2 consecutive years • Have immediate family (mother, father, brother, sister, adult child, adoptive parents) who are currently living in Cheshire East and have done for at least five years or more • Have a permanent contract of employment where the place of work is within Cheshire East borough • Members of the armed forces: <ul style="list-style-type: none"> (a) members of the Armed Forces and former Service personnel, where the application is made within five years of discharge

		than as a direct part 6 application.	<p>(b) bereaved spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of their spouse or partner</p> <p>(c) serving or former members of the Reserve Forces who need to move because of a serious injury, medical condition or disability sustained as a result</p> <ul style="list-style-type: none"> • Have a specific and significant reason to reside in Cheshire East <ul style="list-style-type: none"> a) Accepted by Cheshire East Council as having a connection by virtue of a statutory homelessness duty b) Accessing hospital or health care services that are only available in Cheshire East <p>Applicants without a local connection will be placed in Band E. An applicant fleeing Cheshire East to secure temporary refuge from an incident of Domestic Abuse, with a view to make a return to the borough, will not lose their local connection by virtue of the time spent in refuge accommodation.</p>
Property size for allocations	Consider two siblings of the same sex being permitted to share a room beyond 16. Currently children over 16 get their own room. Is it reasonable for 2 siblings of the same age to share up to any age		
Social tenancy transfers	To include anti-social behaviour	This is a reason why tenants might be overlooked for a	Page 8 of the policy:

UNCLASSIFIED

		transfer within existing housing stock that is not covered in the current policy.	<p>Common reasons for tenants being overlooked are:</p> <ul style="list-style-type: none"> • Rent arrears • Poor property condition • A poorly maintained garden • A recent history of anti-social behaviour
Reviews and appeals	It presently reads as though all complaints come to Cheshire East when there is a separate reviews and appeals process complaints about decisions made by a registered provider.	Add text to explain to applicants how they appeal a decision, where their bid is overlooked by a registered provider.	<p>Reviews</p> <p>Applicants have the right to request a review against decisions made in the assessment process. These include:</p> <ul style="list-style-type: none"> • An assessment decision to reduce preference • An assessment decision about the priority band assessment • An assessment decision about eligibility to make an application • An assessment decision to close an application • A allocations decision to overlook a bid on a shortlist • A allocations decision to withdraw an offer/ reject an applicant's application <p>The applicant's request for a review of the decision should be made in writing within 20 working days (4 weeks) of the original decision being made with supporting evidence why they require a review of the original decision.</p> <p>A more senior and independent officer will carry out reviews. The officer will not have been involved in the original decision. The officer will consider the evidence provided and decide whether to overturn or support the original decision. The applicant will be informed in writing of the decision within 20 working days (4 weeks) of receipt of the request for a review. The reply will contain the decision made, the reasons for the decision and the facts considered when making the decision.</p> <p>Appeals</p>

			<p>If the applicant is not satisfied with the decision made by a reviewing officer, they can appeal against the decision. Applicants will need to do this in writing within 20 working days (4 weeks) of the review letter being sent. For the purposes of assessment decisions, the Homechoice Panel (see below) will conduct the appeal and for the purposed of allocation decision Homechoice Board (see below) will conduct the appeal. A decision on appeal will be completed within 40 working days (8 weeks) and a final decision will be delivered in writing.</p>
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Economy and Growth Committee**10 July 2023****Provisional Financial Outturn 2022/23****Report of: Alex Thompson: Director of Finance and Customer Services****Report Reference No: EG/11/23-24****Ward(s) Affected: All Wards****Purpose of Report**

- 1 This report provides members with an overview of the Cheshire East Council provisional outturn for the financial year 2022/23. Members are being asked to consider the financial performance of the Council relevant to their terms of reference.
- 2 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.
- 3 The report also provides an early update on performance in 2023/24, in respect of the approved budget policy changes made in the MTFS 2023/24-27, at Council in February 2023.

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. The report includes a narrative from the Council's Draft Group Accounts, to highlight financial performance within the year, as well as associated appendices to show how the Council has achieved against the priorities contained within the Corporate Plan as well as other important financial matters.

- 5 The full report will be received by Corporate Policy Committee on 11 July. Service Committees will receive the sections relevant to their committee.
- 6 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 28 September 2023.
- 7 The annexes and appendices attached to this report set out details of the Council's financial performance:
- 8 Corporate Policy Committee Provisional Financial Outturn 2022/23 covering report.
- 9 **Annex 1** – Narrative from the Draft Group Accounts – Provides context of the area and its people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1 April 2022 to 31 March 2023.
- 10 **Annex 2** – Sets out the financial stability context and reasons for the outturn position. The annex contains the relevant appendix for each service committee relating to revenue and capital budgets, debt and reserves.
- 11 **Annex 3** – Update on performance from the MTFS 2023-27 on approved budget policy change items. A full review will be provided in at First Review in the September cycle of Committee meetings.

RECOMMENDATIONS

The Economy and Growth Committee to:

1. Consider the report of the Corporate Policy Committee ([Agenda for Corporate Policy Committee on Tuesday, 11th July, 2023, 10.00 am | Cheshire East Council](#)).
2. Consider the financial performance of the Council in the 2022/23 financial year relevant to their terms of reference.
3. Consider the delegated decisions relating to supplementary revenue estimates for specific grants coded directly to services in accordance with Financial Procedure Rules as detailed in **Section 2 of each Committee Appendix (Annex 2)**.
4. Consider the update on performance with regard to the MTFS 2023-27 approved budget policy change items, in respect of Services within the remit of the Committee **(Annex 3)**.

Reasons for Recommendations

- 12 Committees are responsible for discharging the Council's functions within the Budget and Policy Framework provided by Council. The Budget will be aligned with Committee and Head of Service responsibilities as far as possible.
- 13 Budget holders are expected to manage within the budgets provided by full Council. Committee and Sub-Committees are responsible for monitoring financial control and making decisions as required by these rules.

Access to Information	
Contact Officer:	<p>Alex Thompson</p> <p>Director of Finance and Customer Services (Section 151 Officer)</p> <p>alex.thompson@cheshireeast.gov.uk</p> <p>01270 685876</p>
Appendices:	<p>Corporate Policy Committee Provisional Financial Outturn 2022/23 which includes:</p> <p>Annex 1 – Narrative from the Draft Group Accounts</p> <p>Annex 2 – Provisional Financial Outturn 2022/23</p> <p>Annex 3 – Update on tracked MTFS 2023-27</p> <p>Approved Budget Policy Change items</p>
Background Papers:	<p>The following are links to key background documents:</p> <p>Medium-Term Financial Strategy</p> <p>First Financial Review 2022/23</p> <p>Financial Review 2022/23</p> <p>Financial Review Update 2022/23</p> <p>2022/23 Financial Update</p> <p>Statement of Accounts and Annual Governance Statement (cheshireeast.gov.uk)</p>

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Corporate Policy Committee

11 July 2023

Provisional Financial Outturn 2022/23

Report of: Alex Thompson: Director of Finance and Customer Services

Report Reference No: [To be provided by Democratic Services]

Ward(s) Affected: Not applicable

Purpose of Report

- 1 This report provides members with an overview of the Cheshire East Council provisional outturn for the financial year 2022/23. 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 in February 2023.
- 2 Highlighting 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 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.
- 4 The report also provides an early update on performance in 2023/24, in respect of the approved budget policy changes made in the MTFS 2023/24-27, at Council in February 2023.

Executive Summary

- 5 This report outlines how the Council managed its resources through sound financial planning, monitoring, and reporting to achieve outcomes and value for money. The report includes a narrative from the Council's Draft Group Accounts, to highlight financial performance within the year, as well as associated appendices to show how the Council has

achieved against the priorities contained within the Corporate Plan as well as other important financial matters.

- 6 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 28 September 2023.
- 7 The annexes and appendices attached to this report set out details of the Council's financial performance:
- 8 **Annex 1** – Narrative from the Draft Group Accounts – Provides context of the area and its people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1 April 2022 to 31 March 2023.
- 9 **Annex 2** – 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. The Corporate Policy Committee will also receive appendices with updates to the Treasury Management Strategy and Investment Strategy as at 31 March 2023.
- 10 **Annex 3** – Update on performance from the MTFS 2023-27 on approved budget policy change items. A full review will be provided in at First Review in the September cycle of Committee meetings.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Consider the overall financial performance of the Council in the 2022/23 financial year, as contained within the report, as follows:
 - a) A Net Revenue Overspend of £6.0m against a revised budget of £318.7m (1.9% variance) funded by the drawdown of £5.2m from the MTFS Earmarked Reserve and a reduction in the planned contribution to General Reserves by £0.8m.
 - b) General Reserves closing balance of £14.1m.
 - c) Capital Spending of £116.4m against an approved programme of £125.2m (7.0% variance).
2. Consider the contents of each of the following annexes:
 - a) **Annex 1 – Narrative from the Draft Group Accounts** – Provides context of the area and its people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1 April 2022 to 31 March 2023.

- b) **Annex 2 – 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** Finance Sub-Committee.
 - **Appendix 7** Highways and Transport Committee.
 - **Appendix 8** Update to the Treasury Management Strategy.
 - **Appendix 9** Update to the Investment Strategy.
 - c) **Annex 3 – Update on tracked MTFS 2023-27 approved budget policy change items.**
3. Approve supplementary capital estimates (SCE) up to and including £1,000,000 and Capital Virements up to and including £5,000,000 in accordance with Financial Procedure Rules as detailed in **Annex 2: Appendix 6, Section 4, Table 5.**
4. Note that Council will be asked to approve:
- a) Fully funded supplementary revenue estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in **Annex 2: Appendix 6, Section 2, Table 3.**
 - b) Capital Supplementary Estimates over £1,000,000 in **Annex 2: Appendix 6, Section 4, Table 6.**
5. Recommend to Service Committees to:
- a) Consider the financial performance of the Council in the 2022/23 financial year relevant to their terms of reference.
 - b) Consider the delegated decisions relating to supplementary revenue estimates for specific grants coded directly to services in accordance with Financial Procedure Rules as detailed in **Section 2 of each Committee Appendix (Annex 2).**
 - c) Approve supplementary revenue estimates (SRE) over £500,000 up to and including £1,000,000:
 - i) Children and Families Committee **Annex 2: Appendix 2, Section 2, Table 2.**
 - d) Consider the update on performance with regard to the MTFS 2023-27 approved budget policy change items, in respect of Services within the remit of the Committee.

Background

- 11 The recommendations within the 2022/23 Financial Reviews and the Medium-Term Financial Strategy (MTFS) were clear in the treatment of the outturn and future reserve balances.
- 12 The MTFS recognised emerging risks such as inflation and particularly the Dedicated Schools Grant (DSG) deficit, which highlighted there is no alternative funding.
- 13 The financial outturn for Cheshire East Council is an overspend of £6.0m. This is net of appropriate allocations to useable reserves. Further detail is provided in **Table 1** and **Annex 2**.
- 14 **Table 1:** Total Net Revenue Budget is overspent by £6.0m

2022/23 Outturn Review	Revised Budget (NET) £m	Provisional Outturn £m	Provisional Outturn Variance £m	Change since Third Review £m
Service Committee				
Adults and Health	121.7	132.2	10.5	1.6
Children and Families	78.6	83.8	5.2	1.7
Corporate Policy	39.7	39.0	(0.7)	(1.1)
Economy and Growth	23.0	21.3	(1.7)	(0.9)
Environment and Communities	43.6	45.8	2.2	(0.7)
Highways and Transport	13.7	12.1	(1.6)	(1.4)
Sub-Committee				
Finance Sub	(320.3)	(328.2)	(7.9)	(0.9)
TOTAL	-	6.0	6.0	(1.7)
RELEASE OF RESERVES				
MTFS Reserve			(5.2)	-
General Fund Reserve			(0.8)	1.7
TOTAL			-	-

- 15 To balance this position £5.2m was drawn down from the MTFS reserve, as forecast at the Third Financial review, with only £0.8m being required from the General Fund Reserve (£1.7m less than forecast).
- 16 General reserves have increased from £12.6m to £14.1m following the planned contributions to reserves, partly offset by the utilisation of £0.8m as noted above.

- 17 Expenditure on the capital programme is £116.4m against a revised forecast of £125.2m that was reported to the Finance Sub Committee on the 8 March 2023 as part of the Financial Update report. The underspend of £8.8m will be slipped into 2023/24 and budgets will be re-profiled as part of the outturn reporting. This level of slippage, at 7%, is the lowest variance on the Capital Programme in several years.
- 18 The original budget set in February 2022 was £185.2m, during 2022/23 project managers were asked to re-profile their forecasts resulting in the revised forecast of £125.2m. Capital receipts in year amounted to £4.9m 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.
- 19 **Table 2:** Total Capital Expenditure and Funding for the financial years 2022/23, and 2023/24 to 2025/26.

	Outturn 2022/23 £m	Three Year Forecast			Total £m
		2023/24 £m	2024/25 £m	2025/26 £m	
Expenditure					
Children and Families	9.3	52.0	34.1	31.7	127.1
Adults and Health	0.0	0.5	0.0	0.0	0.5
Highways and Transport	65.6	69.6	77.4	128.4	341.0
Economy and Growth	21.0	93.4	55.2	78.7	248.3
Environment and Communities	13.2	11.3	16.7	0.6	41.8
Corporate Policy	7.3	13.6	9.7	5.9	36.5
Total Expenditure	116.4	240.4	193.1	245.3	795.2
Funding					
Grants and Other Contributions	53.8	159.9	141.6	139.1	494.4
Capital Receipts and Reserves	2.2	4.9	1.0	33.6	41.7
Borrowing	60.4	75.6	50.5	72.6	259.1
Total Funding	116.4	240.4	193.1	245.3	795.2

- 20 The Council's wholly owned companies' core contract expenditure was £37.94m in 2022/23, relating to services provided at cost for the Council. This position includes a net £1.5m of additional costs in year, relating to pay award pressures, significant inflation against contracts and materials, the legacy effects of Covid and increased demand for services; partly offset by improvements against waste tonnages, bereavement income and staffing vacancies, and other efficiencies. The net increase in cost is reflected in the Council's outturn position, mainly

against Environment & Communities Committee services, but also partly Highways & Transport Committee functions.

- 21 Ansa and Orbitas realised £0.356m in profits (after tax) from commercial activities. Although Transport Service Solutions (TSS) ceased trading on 31 March 2022, there were residual transactions in 2022/23, as part of winding down the company, generating a £0.106m surplus as at 31 March 2023, which will be paid as a final dividend in 2023/24. An interim dividend of £0.291m was paid in-year from TSS to the Council.
- 22 The Department of Levelling Up, Housing and Communities (DLUHC) put in place revised regulations stated that for that came into force on 22nd July 2022. The regulations stated that for the years 2022/23 to 2027/28 the deadline for the accounts to be signed off by has been extended from the 31 July to the 30 September.
- 23 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

- 24 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

- 25 The recommendations in this report support the 'Reporting' element of the financial cycle.
- 26 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.

- 27 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.
- 28 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

- 29 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 2023. 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.
- 30 Positive variances, compared to the third quarter forecasts in 2022/23, 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. General Reserves are used to manage risk, in accordance with the Reserves Strategy. In the Planning cycle for the 2024/25 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

- 31 The legal implications surrounding the process of setting the 2022 to 2026 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 2022/23.
- 32 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

- 33 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.
- 34 The Council's Audit & Governance Committee is responsible for reviewing and analysing the Council's audited position at year-end. The Committee received the Draft Group Accounts on 8 June 2023, with final accounts due for approval by 30 September 2023 following public scrutiny, external auditing, and any associated recommendations to the Committee.
- 35 The forecast outturn for 2022/23, as reported within the MTFS, was used to inform the budget setting process for 2023/24. Analysis of the final outturn helps to inform the Council of potential issues arising for the 2023/24 budget or highlights potential underlying issues that can be managed in future budget setting cycles. It is important to note that the variations reported at outturn have not identified any significant risks to the 2023/24 budget.

Policy

- 36 This report is a backward look at Council activities during the final quarter.
- 37 The final outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2024-28 Medium-Term Financial Strategy.

Equality, Diversity, and Inclusion

- 38 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

- 39 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

- 40 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

- 41 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)

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

Public Health

- 43 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

- 44 There are no direct implications for climate change.

Access to Information	
Contact Officer:	<p>Alex Thompson</p> <p>Director of Finance and Customer Services (Section 151 Officer)</p> <p>alex.thompson@cheshireeast.gov.uk</p> <p>01270 685876</p>
Appendices:	<p>Annex 1 – Narrative from the Draft Group Accounts</p> <p>Annex 2 – Provisional Financial Outturn 2022/23</p> <p>Annex 3 – Update on tracked MTFS 2023-27</p> <p>Approved Budget Policy Change items</p>

<p>Background Papers:</p>	<p>The following are links to key background documents:</p> <p><u>Medium-Term Financial Strategy</u></p> <p><u>First Financial Review 2022/23</u></p> <p><u>Financial Review 2022/23</u></p> <p><u>Financial Review Update 2022/23</u></p> <p><u>2022/23 Financial Update</u></p> <p><u>Statement of Accounts and Annual Governance Statement (cheshireeast.gov.uk)</u></p>
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Narrative Report 2022/23

An introduction to Cheshire East, the place

Cheshire East Council is an all-purpose 'unitary' local authority providing key public services to 398,800 local residents in Northwest England. The borders include the towns of Macclesfield, Congleton and Crewe. The area lies between the urban areas of Manchester to the North and Stoke-on-Trent to the South. Cheshire East covers a largely rural area of approximately 117,000 hectares, this makes the Council one of the largest local authorities in England.

The Council operates a model which matches the most appropriate service provider in terms of quality and cost to meet the needs of residents. The Group now consists of the Council and its wholly owned companies and associate. The accounts for all these organisations, where significant, are combined with the Council's accounts to produce the Cheshire East Group accounts.

The Group is focused on achieving outcomes, in line with the Corporate Plan, by providing quality local services that maximises value for money for local taxpayers.

Cheshire East Council is a multifunctional and complex organisation; its policies are developed by elected Councillors and implemented by professional officers.

During 2022/23 one company, partially owned by the Council (Cheshire and Warrington Local Enterprise Partnership Limited), also provided services to residents of Cheshire West and Chester and Warrington and is jointly owned with those Councils.

The most significant services provided by the Group are:

- Social Care
- Education
- Planning
- Highways
- Waste Management
- Economic Regeneration

Cheshire East, the people

Population: The Office for National Statistics released its latest (mid-2021) population estimates for local authorities in December 2022. These estimates show¹:

- Growth in the population for Cheshire East, which now stands at 400,500 residents – an increase of 29,800 from the mid-2011 figure.
- Cheshire East remains the third largest of the 39 district and unitary local authorities in the North West – behind Manchester and Liverpool – and fourteenth largest in England.
- The oldest age group (those aged 90 and above) increased by a third (33 per cent) in Cheshire East, which is above the England average (23 per cent).
- The largest percentage increase was in individuals aged 70 to 74, which was up by nearly half (45 per cent) – again above the England average (36 per cent). There was also an increase of 20 per cent more in the population aged 75 to 79 (up 36 per cent), 80 to 84 (20 per cent) and 85 to 89 (21 per cent); these were also above the England averages.

¹ Source: Office for National Statistics (ONS) mid-year population estimates for 2021 (December 2022 release) and 2011. ONS Crown Copyright.

- Some younger age groups also increased their numbers by 20 per cent or more: those aged 30-34 increased by a quarter (24 per cent), or twice the England average (12 per cent); and those aged 55 to 59 increased by 31 per cent (above the England average of 26 per cent).

Economy: Having a strong local economy is key to the Council's ambition to build economic growth, as is developing life skills to help people thrive and reach their potential. Economic data tells us:

- Cheshire East's unemployment rate is significantly below the regional and national averages. For the twelve-month period October 2021 to September 2022, the number of unemployed residents was estimated at 6,100. This equates to 3.2% of the economically active (employed or unemployed) population aged 16 and above (compared to 3.9% for the twelve-month period ending September 2021). The current rate is below the regional and national averages of 4.2% for the Northwest and 3.7% for Great Britain.²
- 5,520 of Cheshire East's residents were claiming out-of-work benefits as of January 2023, down from 5,645 in the previous month and 6,345 in January of 2022; this represents a continuing downward trend from the peak reached in January 2021 (10,165), a time when COVID-19 was still severely constraining economic activity. The current figure of 5,520 claimants equates to 2.3% of the Borough's working-age (16–64-year-old) population (down a little from the January 2022 rate of 2.6%, and well below the 4.2% rate recorded in January 2021); this is significantly less than the rates in the Northwest and the UK as a whole (4.1% and 3.6% respectively). For the Borough's 18–24-year-olds, the claimant rate is 3.9% (up slightly from 3.8% in January 2022, but lower than the 7.6% rate recorded for January 2021). This is higher than for other age groups (0.1% for 16–17-year-olds, 2.6% for 25-49s and 1.5% for those aged 50 to 64) but is below the rates for this age group in the Northwest and the UK as a whole (5.6% and 4.7% respectively).³
- Note that Government changes to the eligibility criteria for Universal Credit (in response to COVID-19) mean that claimants now include some people who are in work, but on low incomes.
- Average household income is high compared to the region and UK but fell slightly in 2020. The Borough's gross disposable household income (GDHI) per head for 2020 (£25,200) was 1.6% lower than the 2019 figure (£25,600); the UK as a whole also saw a decrease, but a proportionately smaller one (0.2%). It is likely that the 2019-20 changes partly reflect the impact of COVID-19 and the Government's policy response (of increased social support and redistributed public resources) benefiting some geographical areas of the UK more than others. Even so, GDHI per head in 2020 was 17.5% higher than in the UK (£21,400) and even further above the Northwest average (£18,900).⁴ Income levels vary widely within the Borough. In the financial year ending 2018, average (mean) gross annual household income in the Borough's MSOAs (the Middle Super Output Areas used by the Office of National Statistics) varied from an average of £32,700 in Cheshire East MSOA 036 (an area in the

² Source: Model-based estimates of unemployment, October 2020 – September 2021 to October 2021 – September 2022, ONS, NOMIS. ONS Crown Copyright. Note: Estimates of unemployment for regions and countries have been produced from Annual Population Survey data. Estimates at unitary authority level are from model-based estimates.

³ Sources: [1] Claimant Count, ONS, NOMIS. ONS Crown Copyright. Figures relate to January 2023, except where otherwise specified. [2] ONS mid-year population estimates for 2021 (December 2022 release). ONS Crown Copyright. Note: This claimant measure includes all Universal Credit claimants who are required to seek and be available for work, as well as all Jobseeker's Allowance (JSA) claimants.

⁴ Source: 'Regional gross disposable household income, UK: 1997 to 2020' data tables, ONS, October 2022. Figures quoted here are in current prices (that is, they include inflation).

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north of Crewe between Bentley and the train station, including part of Coppenhall) to £60,000 in MSOA 014 (the Tytherington part of Macclesfield).⁵

The Political Structure of the Council

As a politically led organisation Cheshire East has 82 elected members selected from 52 wards. The electorate in Cheshire East is one of the largest in the UK with almost 300,000 registered voters. Council Elections take place every four years.

During 2022/23 the political membership of the Council was as follows:

	2022/23
Conservative	30
Labour	24
Independent Group	17
Liberal Democrat	4
Non-grouped	4

The Council had three vacancies at the 31st March, following the deaths of two Councillors and one Councillor stepping down.

Details of Member Expenses for 2022/23 are available on the Cheshire East website.

The Council operates a 'committee system' form of governance, with six service committees, a Finance Sub-Committee, and a Scrutiny committee.

The Cheshire East Council Group Structure

Cheshire East Council is by far the largest service provider of the Group. It is important to recognise that the Council is a Local Authority whereas the other members of the Group are limited companies which are either wholly or partially owned by the Council. The Council must produce a balanced annual budget and aims to spend within that total. The private companies can focus on providing a profit from their commercial activities.

Cheshire East Residents First Limited (CERF) is the largest shareholder for Ansa Environmental Services Limited, Transport Service Solutions Limited and Orbitas Bereavement Services Limited. CERF owns an 80% shareholding in these companies with the remaining 20% being retained by Cheshire East Council. CERF is wholly owned by Cheshire East Council and acts as a holding company for the council owned companies.

Over the last three years the Council has been undertaking an extensive review of each of the wholly owned companies to consider the ever-changing environment in which services are

⁵ Source: Income estimates for small areas, England & Wales, financial year ending 2018, ONS, March 2020. Notes: [1] MSOAs are small geographical areas which the Office for National Statistics created for statistical purposes. They are intended to be of roughly equal size (in terms of population). There are just over 50 MSOAs in Cheshire East. [2] The figures quoted here do not take account of geographical differences in household size and composition, which will vary from MSOA to MSOA.

delivered, as well as the current strategic objectives of the Council and our future ambitions, as outlined in the Corporate Plan.

Decisions have previously been made to bring a number of the companies back in-house, these included Engine of the North and the Skills & Growth Company in 2019/20, Civicance Ltd from 1st April 2020 and Transport Service Solutions Ltd from 1st April 2022 noting that the strategic, planning, commissioning and procurement functions of these services are to be brought back in-house and delivered directly by Cheshire East Council from 1st April 2022 with operational functions being delivered through Ansa Environmental Services Ltd.

The Group Management Structure (2022/23)

Where services are not provided by directly employed staff the Council adopts a commissioning approach to ensure compliance and value for money. Although the Council owns the companies within the Group, either wholly or in part, each company is a single entity with its own governance arrangements which then reports into the Council's governance arrangements.

Supporting the work of elected Members is the organisational structure of the Council headed by the Corporate Leadership Team (CLT). This includes the key Statutory Officers to ensure they are represented at the senior level of the Council.

Company	Role	Name
Cheshire East Council	Chief Executive (Head of Paid Service)	Lorraine O'Donnell
(Gross Revenue Spend £793m; Capital Spend £116.4m)	Executive Directors:	
	• Executive Director Place	Jayne Traverse
	• Executive Director of Corporate Services	Jane Burns
	• Executive Director of Adults, Health and Integration	Helen Charlesworth-May
	• Executive Director of Children's Services	Deborah Woodcock
	Other Statutory Officers:	
	• Director of Governance and Compliance – Monitoring Officer	David Brown
	• Chief Finance Officer – Section 151 Officer	Alex Thompson
	• Director of Public Health	Matt Tyrer

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Wholly Owned Subsidiaries: 2022/23 position	Role	Name
Cheshire East Residents First (CERF)	Chair	Tom Shuttleworth
Ansa Environment Services Limited (Turnover £46m)	Chair	Cllr Steve Hogben
	Managing Director	Kevin Melling
Transport Service Solutions Limited (Turnover £0.6m)	Director	Tom Shuttleworth
Orbitas Bereavement Services Limited (Turnover £2.5m)	Chair	Cllr Joy Bratherton
	Managing Director	Kevin Melling
Tatton Park Enterprise Limited¹ (Turnover £0.86m)	Chair	Cllr Kathryn Flavell
	Directors	Cllr Kathryn Flavell Graham Jones Barry Burkhill (until 19th November 2022) Cllr Mark Goldsmith (appointed 3rd February 2023)
Associate:		
Cheshire & Warrington Local Enterprise Partnership Limited¹	Chair	Clare Hayward MBE, DL
	Chief Executive	Philip Cox

Note 1: Accounts for TPE & C&WLEP are not consolidated in 2022/23 on the grounds of materiality.

The subsidiary companies are led by management boards. These consist of a Managing Director, a Chairman and Directors. The Chairman and two directors are appointed from the elected representatives of the Council.

For a more complete list of appointments and further details on each organisation within the Cheshire East Group please refer to the following websites:

Cheshire East Council	www.cheshireeast.gov.uk
Ansa Environmental Services Limited	www.ansa.co.uk
Cheshire and Warrington Enterprise Partnership Limited	www.871candwep.co.uk

Accounts for Tatton Park Enterprise Limited will be published on the Tatton Park website:
www.tattonpark.org.uk

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>)

The Group has appropriate governance and control arrangements in place to support the proper management of resources. Each year the Council provides an Annual Governance Statement that

highlights how effective the processes and controls are during the year. The Audit and Governance Committee receive the Statement and consider any actions put in place in response to any issues being highlighted. It is important to read this Statement, which can be found on the Council's website alongside the Group Statement of Accounts to appreciate the proportionate level of control being exercised over the resources of the Group.

Group Employees

The Group employs a total of 4,082 people (excluding school-based employees).

	No.*	%
Cheshire East Council	3,599	88
Ansa Environmental Services Limited (ANSA)	443	11
Orbitas, Bereavement Services Limited	40	1
Total	4,082	100

*No. represents an average workforce for the year

The Corporate Plan

The Corporate Plan was approved by Council in February 2021. This sets out the three main Council priorities of Open, Fair and Green.

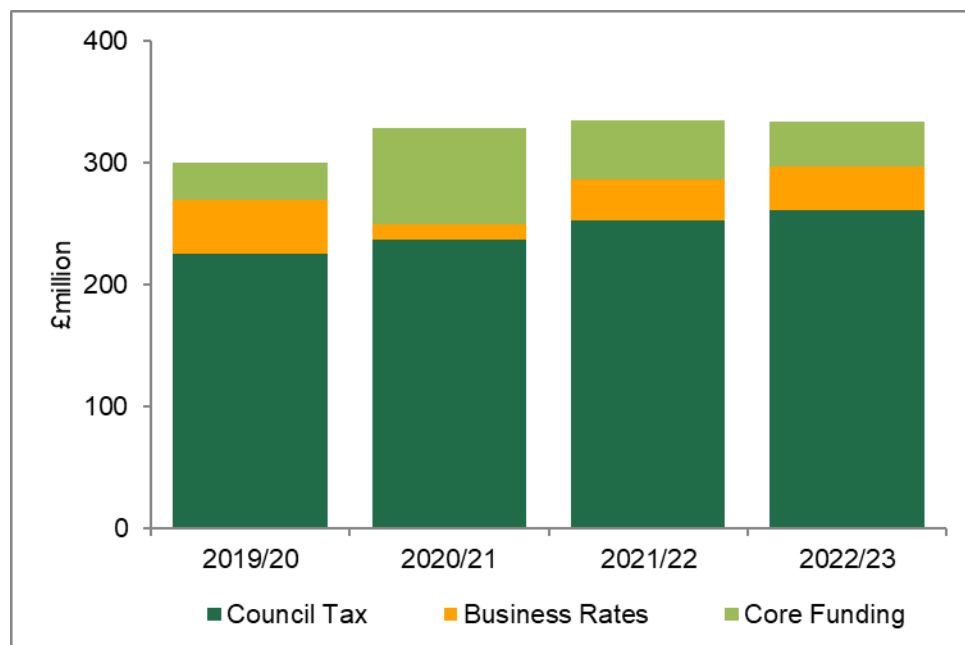


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Financial Overview

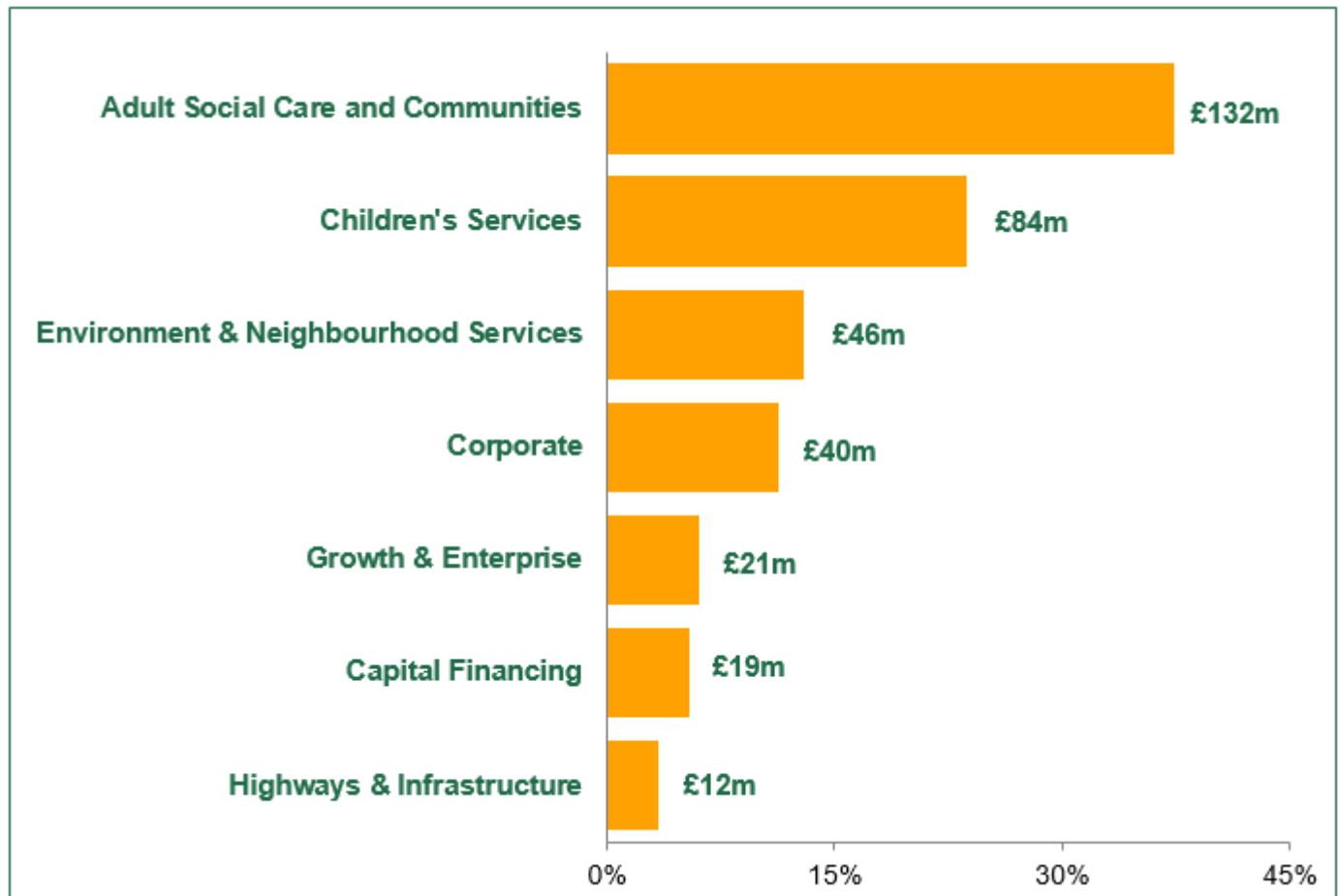
Compared to most other English authorities, Cheshire East is less reliant on Government revenue grant as local businesses and residents provide a high proportion of the overall funding through the payment of Council Tax and Business Rates.

Chart A: Most of the Council's funding comes from local tax payers.

**Most of the Council's £335m Services Net Budget is allocated to Social Care**

The Council invests in a wide range of service providers. Most of the money is spent on achieving social care and community outcomes. The difficult decisions to prioritise and allocate resources to commissioned services mainly rests with elected Members.

The significant majority of education funding is passed directly to maintained schools and payment of welfare benefits, although administered by the Council, are claimed back from the Government in full. These costs are not therefore included in the 'Net Budget'. At present public health expenditure is also ring-fenced for spending on public health services.

Chart B: Services for Children and Adults make up 61% of the Council's expenditure

Revenue Outturn position

The financial outturn for Cheshire East Council is an overspend of £6.0m. This is net of appropriate allocations to useable reserves.

The Council's wholly owned companies produced a positive outturn for the year, rebating £0.660m to the Council at outturn. This reflects the achievement of net cost savings against Council activities funded from the management fee. The wholly owned companies also realised £0.462m in profits from commercial activities. In addition, the Council received an interim dividend payment in-year from the Transport Service Solutions Ltd of £0.291m with a final dividend due upon closure of £0.106m in early 2023/24.

Overall revenue reserves of the Group have reduced from £100.3m to £81.1m. This is made up primarily from:

- General reserves for Cheshire East Council have increased from £12.6m to £14.1m.
- Earmarked reserves for Cheshire East Council of £61.6m
- Schools' reserves and balances of £5.4m.

The Council will be audited by Mazars LLP and each of the wholly owned subsidiaries of the Group will be separately audited by Grant Thornton UK LLP. Any findings will be reported to the relevant

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Board or Committee and the Audit and Governance Committee and reported on the website of each part of the Group.

Summary details of the relative management accounts for each entity within the Group are as follows:

Cheshire East Council reported an overspend of £6.0m to be funded from MTFs reserve (£5.2m) and General reserves (£0.8m)

2022/23 Outturn Review	Revised Budget (Net) £m	Third Quarter Over / (Underspend) £m	Final Outturn Over / (Underspend) £m
Service Directorates			
Adults, Health and Integration	121.7	8.9	10.5
Children and Families	78.6	3.5	5.2
Place	80.3	1.9	(1.2)
Corporate	39.7	0.4	(0.7)
Total Services Net Budget	320.3	14.6	13.8
Central Budgets			
Capital Financing	17.1	-	-
Transfer to / from Earmarked Reserves	(5.7)	(6.0)	(6.0)
Corporate Contributions / Central Budgets	(13.0)	(1.0)	(1.8)
Total Central Budgets	(1.6)	(7.0)	(7.8)
Total Net Budget	318.7	7.7	6.0
Business Rates Retention Scheme	(26.3)	-	-
Specific Grants	(36.5)	-	-
Council Tax	(253.8)	-	-
Funding	(318.7)	-	-
Net Position	(318.7)	7.7	6.0

The wholly owned subsidiaries reported an overall surplus.

Company	Turnover £000	Costs £000	Operating Profit/(Loss) £000	Interest Payable & Taxation £000	Net Profit /(Loss) £000
ANSA	45,614	45,160	454	171	283
TSS	595	513	82	(24)	106
Orbitas	2,502	2,432	70	(3)	73
Total	48,711	48,105	606	144	462

- Please note that a prior year adjustment of £455,000 that was not previously adjusted for in the Cheshire East Group Statement of Accounts for 2021/22, has been adjusted for in 2022/23, reducing the overall profit to £7,000.

National Economic pressures

2022/23 has been a particularly challenging year financially. Not only has the Council continued to deal with the legacy impact of the COVID-19 pandemic, but there have also been significant national economic pressures and a cost of living crisis, largely as a consequence of global events. Inflation, particularly driven by increases in fuel and energy prices, reached over 10 percent in 2022/23, compared to the Government's target of 2 percent. Interest rates reached 4.25 percent at end of March 2023, compared to 0.5 percent in February 2022. National economic forecasts suggest interest rates could continue to rise in 2023/24.

All services are impacted by rising inflation. The cost of delivering Council services and capital development activities are significantly increased. National wage inflation in 2022/23 was estimated at 6% and the average cost of council pay increases matched this.

In addition, like other councils across the country, Cheshire East Council is seeing increasing complexity and demand in services to support people who need additional help. More than 60 percent of the Council's net budget is spent on care services for adults and children.

To support Cheshire East residents, a Cost of Living Crisis Team has been created for those who are concerned about the increased cost of living; the Team advise residents on what support is available and where to get it.

The Council has also acted as an agent for Central Government, by passporting grants to residents and businesses affected by the cost of living crisis.

Performance Overview

The Council's outcomes, are achieved through a combination of staff, commissioners and providers targeting our performance ambition. Some of the key issues that have affected the level of service expenditure and performance against outcomes during the year are summarised below.

Adult Social Care, Commissioning and Public Health Services

A new, innovative programme, [Green Spaces for Wellbeing](#), has launched in Macclesfield and Crewe. Green Spaces for Wellbeing helps adults to improve their physical and mental health and wellbeing by engaging in nature-based activities. An experienced team of rangers offer friendly and welcoming groups that can help participants to build confidence, meet people locally, discover different interests, practice mindfulness, learn new skills, and give back to the local community.



We have been assessed as good by the Home Office, with a very strong leaning to outstanding (our overall score is 94%) for our response to Prevent and Channel. In five key areas we were rated as outstanding.

In June 2022 we held a Learning Disabilities conference, celebrating the lives of people with

The council have been working hard to support residents in response to the cost-of-

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<p>learning disabilities, and hearing about people's experiences of services – what is good and what needs to get better. We are changing our services based on this feedback.</p>	<p>living crisis. We set up dedicated webpages and a phone line to a cost-of-living team with advice and support.</p> <p>We launched Warm PlaCEs this year to ensure residents were warm over winter. Over 40 Warm PlaCEs across the Borough provided information and advice, warm drinks and hot food.</p> <p>We also provided a cost-of-living grant for voluntary sector organisations to apply for (total £200,000) to support organisations to continue to deliver much needed services despite additional cost pressures.</p>
<p>We have supported 639 Ukrainian people to safely connect with 323 UK Sponsors households. We have provided welcome payments, thank you payments, education, housing advice, integration support, employment opportunities have created a huge welcome to a vulnerable cohort. We also recently launched a campaign to recruit local sponsors to continue to house this cohort as the war continues.</p>	<p>We have launched our new Health and Wellbeing Strategy for 2023-2028. The strategy guides the work of the council, partners and stakeholders in improving health and wellbeing across Cheshire East and includes clear objectives to support people to improve their health and wellbeing.</p>
<p>The 'Stay Well Squad' provided dedicated support to the NHS and social care Winter Plan and flu vaccination campaign; undertook visits to Ukrainian refugees and their host families; supported the NHS with health care for asylum seekers, and provided health and wellbeing advice to local businesses and schools. In addition, they advised the public through their drop-in sessions at supermarkets and community venues. The Squad undertook health checks through their mobile service, helping people to better understand their health risks and signposting them to advice, guidance and services that would help them to improve or maintain their health and wellbeing.</p>	<p>We continue to integrate and align services with our health colleagues across Cheshire East Place. Notable successes include the establishment of Transfer of Care Hubs based in local hospitals which involves the co-location of health and social care services which play an important role in hospital discharge. This development has helped to reduce delays for people leaving hospital.</p>


The Adult Social Care (Operations and Commissioning) and Public Health budgets remain under continued pressure across the country. The rising cost of Social Care in Cheshire East is driven by increasing demand for services, increasing complexity of the demand and increasing costs in providing them. Demand for Social Care is therefore not driven exclusively by an ageing population, the prevalence of disability among working-age adults has also increased over recent years. In

addition to increasing demand, the unit cost of providing care services is also going up, driven mainly by workforce costs and this has been recognised in the 2023/24 budget where growth has been allocated.

Children's Services

<p>Crewe Youth Zone has been awarded a £7.0million Youth Investment Fund grant to build the new state-of-the-art youth centre. Subject to plans being approved, the Youth Zone is expected to open in Spring 2025. It will provide thousands of young people with opportunities to engage in activities and access support from skilled youth workers, helping them to develop their skills and reach their full potential. It will also create full and part-time jobs as well as volunteering opportunities.</p> <p>Crewe Youth Zone is being delivered by national charity OnSide, in partnership with Cheshire East Council and Crewe Town Board.</p>	<p>Cheshire East Council has been successful in its bid to secure government backing for two new free schools for children and young people with special educational needs and disabilities. The successful bid means the Department for Education will build two new special schools, located in Middlewich and Congleton. The schools will create 120 places for children and young people from five to 19 years old.</p> <p>These additional special school places will enable children and young people to remain within Cheshire East and avoid the need to travel a longer distance to go to school.</p>
<p>Cheshire East Council and partners have been selected to receive lottery funding of more than £250,000 for a pilot scheme to support survivors of domestic abuse, helping them to remain safely in their communities. The money will bring in support from charities including Standing Together against Domestic Abuse and Surviving Economic Abuse - strengthening the Borough's existing domestic abuse partnership and creating innovative and new ways of working. The focus of the work will be on a 'Whole Housing Approach' and means that services are strengthened to spot the signs of abuse and can support families earlier.</p>	<p>Cheshire East are developing Family Hubs supported by a successful bid for additional funding from the Department for Education. This model brings council, health, education and community services together so that families can access the right support at the right time. The council plans to develop existing children's centres to create the hubs for parents/carers of children of all ages, to ensure that they can access support across a range of services. A digital service will also be developed to provide advice and guidance.</p>
<p>Cheshire East Council, with the help of a wide range of local partners, distributed vouchers worth £4m on behalf of the Department of Work and Pensions to support the most vulnerable households across the county with food, utilities, housing costs, and other essentials over 2022/23. The programme released over 135,000 payments to over 12,500 individuals in need across Cheshire East, receiving over 95% approval from feedback collected from the community.</p>	<p>The Cheshire East Area Partnership attained the Youth Justice SEND Quality Lead status with a 'child first' commendation. The Cheshire East area is part of a youth justice service that spans Cheshire East, Cheshire West, Halton and Warrington. In 2018, the partnership was awarded quality mark status through developing more robust relationships with education services, social care and health, with strengths in the quality of their award-winning diversion activity. Since then,</p>

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	<p>Cheshire East has embarked on a focused journey of continuous improvement, which has resulted in the attainment of the coveted Quality Lead Award with a commendation for effective child first partnership practice.</p>
<p>Cheshire East Council offers a successful and diverse programme of training and support to its schools via its 'Continual Professional Development Pathway' programme. A wide range of expert providers are commissioned to deliver the training. To date, over 500 Cheshire East schools have accessed training.</p> <p>This ongoing training and development offer helps schools to develop their curriculum and continue to improve the support they offer to pupils.</p> 	<p>Cheshire East Council works with a range of holiday club providers to offer a range of free fun and exciting activities, alongside a nutritious meal, in the main school holidays as part of the holiday activities and food programme (HAF). The holiday activities are for school age children and young people, who are eligible for benefits related free school meals.</p> <p>During 2022, the programme has been able to offer over 39,000 holiday club places in over 60 locations across Cheshire East. During this time, the programme supported over 4,000 children and young people, including over 400 children and young people with special educational needs and/or disabilities, and provided over 25,000 nutritious meals.</p>

The Children and Families final outturn for 2022/23 reflects a £5.2m overspend. The breakdown of that position is shown in the main summary table.

The key pressure areas for the directorate include:

- Children's social care agency placements – where the number of children in care has continued to increase from 521 at April 2022 to 585 at April 2023 and placement costs are increasing by more than inflation.
- The increased use and cost of agency staff in children's social care to cover vacant posts.
- Higher legal costs within children's social care with longer processes and more challenge.
- Home to school transport costs – where a mix of increasing numbers of pupils with an education, health and care plan (EHCP), driver shortages and increasing fuel costs have seen overall costs rise.
- Educational Psychologists – where there is the need for agency staff to cover posts and challenges in recruiting and retaining staff.

The £5.2m reflects the position after £4m of one-off mitigating measures have been applied including resettlement funding, funding transformation costs from capital receipts and use of earmarked reserves. As a result, the underlying pressure is much greater.

A number of these items are reflected in growth allocations in the MTFS. However, the position will require careful management during 2023/24 and the Directorate is developing work plans.

Dedicated School Grant (DSG)

The key pressure on DSG relates to the high needs block where the SEND service continues to see a significant increase in the number of pupils with an EHCP.

This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £21.2m overspend in 2022/23. This adds on to the brought forward deficit of £25.7m to take the DSG Reserve to a £46.9m deficit position.

This is in line with the budget gap as determined by the council's DSG Management Plan that was reported to Children and Families Committee in September 2022 and set out the planned expenditure and income on high needs over the medium term.

The deficit is currently being managed by an accounting override until 2026 which allows it to be treated as an un-usable reserve. At this stage the position is not recoverable unless there are significant changes to funding or demand or both.

Place

Carbon Net Zero

The Council's first large-scale solar farm is underway which will generate renewable energy and reduce carbon emissions as part of the Council commitment to be Carbon neutral by 2025. The 4.1-megawatt solar farm – enough to power about 1,200 houses – is being built by the council on land adjacent to the composting plant in Leighton Grange Farm in Crewe. The solar farm will provide renewable energy to power our composting plant – operated by Biowise – but will also put green energy back into the national grid, helping to offset a significant amount of the council's carbon emissions.

The Council has launched our new electric car club for business trips as a new way for us to manage our fleet of vehicles and will help us to reduce the impact on the environment while promoting cleaner, greener ways to travel. Over 50 council staff have joined and have driven 3615 miles, saving 619kgCO₂ which would have been released in the old petrol cars.



Nantwich Leisure Centre

The redevelopment of Nantwich Leisure Centre concluded early in 2022 and included:

- Extended Gym – helping to cater for current and future membership;
- Group Cycling Studio – the key suggestion by Nantwich members in Everybody annual surveys;
- Café and a larger, modern reception area; and,
- Extended changing provision – primarily to support the Outdoor Pool.

The project was procured and managed by CEC Assets, delivered by ENGIE Regeneration and achieved BREEAM Good along with the installation of smart technology, photovoltaics and LED lighting was added to the scope following the award of the contract to reflect the Council's carbon neutral aspirations.



Cultural Economy

Tatton Park

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This year saw Completion of a second large mural in Macclesfield as part of the Town Art Trail. Peachezz completed a mural, inspired by the illustrations of Macclesfield born Charles Tunnicliffe, of 'Swifts' at Macclesfield Station with funding from Avanti. This has become a much-loved addition to the town and joins the mural of Ian Curtis on Mill Street completed earlier in 2022.



The team has supported the creation of an LCEP (Local Cultural Education Partnership) for Crewe and surrounding area is bringing together professionals from the creative and education sectors to improve cultural opportunities for young people.

A major milestone for the Archives project was reached with an announcement of funding from National Lottery Heritage Fund. Almost £5million has been secured to deliver 2 new History Centres in Crewe and Chester.

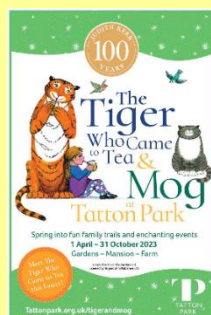
Public Access Improvements

The Public Rights of Way team continue to increase the accessibility of the path network, such as by replacing stiles with gates and enhancing path surfaces, on both leisure and active travel routes. The 2022 random survey of paths across the network undertaken by volunteers from the East Cheshire Ramblers and the Peak and Northern Footpaths Society classed 94% of the inspected paths as being in a good or acceptable condition.

Tatton Park has responded well despite a challenging year affecting visitor attractions nationally, with lower visitor numbers due to the cost of living. Among the many successes, a busy Christmas period saw the reintroduction of the popular 'Christmas in the Mansion' for the first time since the pandemic.

Other successes included being winner of Cheshire's 'Best Tourism Marketing Project of the Year 2021/22 for 'Percy the Parkkeeper' at Tatton Park, while Tatton's Green flag' and 'Green heritage site' awards were retained again. A successful bid was made for a £49,000 'Reimagine' grant from the Art Fund for proof of concept of two large scale, site specific, immersive artworks as part of a major Canaletto exhibition planned for 2025.

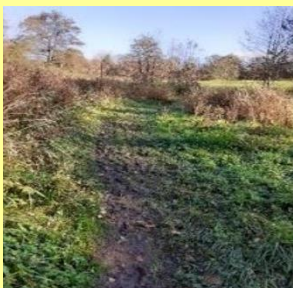
It is important to refresh Tatton's core visitor offer to attract new audiences and encourage existing visitors to return. Since 2022, Tatton has been developing a partnership with publishers Harper Collins to create a programme of special events and activities designed to celebrate the world of Judith Kerr's much loved children's stories, 'The Tiger who came to Tea' and the 'Mog' series of classic books. They will be launched from Easter 2023 with family activities in the Gardens, Mansion and Farm over the summer along with education workshops.



The team also launched a new website for the Tatton Park Charitable Trust, which provides for online donations for the first time and relaunches an animal adoption scheme. The Tatton Park Charitable Trust was created to support education, conservation and restoration projects for the benefit of all visitors to Tatton Park. It is a voluntary body

The team often receive appreciation from members of the public, including one which read *"I just wanted to say congratulations to you and the [National] Trust on the refurbishment of the restricted byway between Quarry Bank Mill and Bank House Farm. I walked along there the other day expecting to be up to my ankles in mud and water to find that it had been transformed. This is such an important link for walkers and horse riders in the Wilmslow network, and a historic one too as I'm sure you know. With many thanks to all involved"*

One example of improvement works would be those completed on Audlem Footpath No. 26: Audlem Ramblers, in partnership and using an innovative product called Flex MSE as well as standard materials, created a 65m long raised walkway over a section of footpath that was boggy the majority of the year and yet forms a popular circular route for residents, linking in with the Shropshire Union Canal towpath.



Before



After

North West Crewe Highway Package

This is a 2.6km new single carriageway and 7 new roundabouts with junction improvements near Leighton Hospital and Bentley. The council's contractor, Balfour Beatty started work on site in May 2022 and Phase 1 of the scheme, which has involved the closure of the A530 Middlewich Road to the south of the new scheme, is nearly complete. Overall scheme completion is programmed for spring 2024.

run by local trustees, which aims to raise donations and secure grants to help to ensure this special place is here for future generations to enjoy.

The management and conservation of the 2000-acre historic estate, including Mansion, Park, Gardens and Farm continues across the year with deer management, woodland management, the best example of a Japanese Garden in Europe, a rare breed farm telling the story of food 'from field to fork' and artefacts from paintings to porcelain, ensuring that this is no 'run-of-the-mill' task. Welcoming hundreds of thousands of visitors, providing recreational and wellbeing opportunities, volunteering, staging major outdoor events, and contributing to the Borough's visitor economy are all part of the annual picture.

Poynton Relief Road

Excellent progress was maintained throughout the year on the 3.5km Poynton Relief Road, working with our contractor, Graham Ltd. The road was opened on 3rd March 2023.

Major junction improvements at Adlington Junction and Bonis Hall Lane have also been completed this year to accommodate the increased traffic expected when the new road opens.

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Economic Development

The team has led and supported on a wide range of projects over the past 12 months in Crewe town centre. Projects include:

- The redevelopment of Lyceum Square into Ly² – a new cultural and events space in the heart of the town centre, utilising £750,000 of Government funding.
- The £23m Towns Fund programme, ensuring projects submit Green Book-compliant business cases, then appraising them and securing approval from Crewe Town Board and the Department for Levelling Up Homes & Communities. Following this, in response to the construction cost inflation, it led in reviewing and reprioritising funding to ensure the viability of the majority of projects. These include several led by other Council services and external partners, as well as others developed and led by the Regeneration team, such as the Mill Street Corridor – which will improve connectivity between the station and town centre - and a new grant scheme to supporting businesses taking on vacant town centre premises.
- It has also managed the £14m Future High Streets Fund programme, again supporting some projects led by other Council services, but leading specifically on Civic & Cultural Space (with a secured planning consent), and a new co-working space project (TADIC) which was approved to proceed.

Further key achievements have been:

- Leading a coordinated cross Directorate Council response to the UK Shared

Air Quality

A new Air Quality Analyser has been installed in Disley. The new equipment will have the ability to give more 'real time' information on levels of nitrogen dioxide and particulate matter. The project has been completed in conjunction with the Local Transport Planning Team.

Objectives within the Air Quality Action Plan continue to be delivered, including a series of highway network improvements and ongoing education campaigns.



A project amongst our local schools to design a poster around air pollution was won by a pupil from Brereton Primary School. The prize, which benefitted the whole school, was a scooter activity day, provided by Scoot Fit, which aimed to improve ability and confidence amongst children whilst encouraging active travel.

Funded by a grant from Defra the service has undertaken a Borough wide awareness raising campaign around the impacts to air quality and the environment as a result of domestic fuel burning and vehicle idling. All Cheshire East households have received a general information leaflet supported by a variety of media releases, an updated web page and a 'don't idle' visual on pay and display tickets.

Prosperity Fund (UKSPF) developing an Investment Plan and securing an £11.8M allocation for Cheshire East, which will be used to support communities, business and people across the Borough to March 2025.

- Leading a multi-service team responding to a Business Improvement District Proposal for Wilmslow Town Centre, enabling that proposal to be considered at a ballot and ultimately seeing it become the Borough's first Business Improvement District.

Separate Defra funding specific to a cycling-based project in Congleton has resulted in the installation of a number of cycle stands being installed in the town and local park. The service is looking to use the remaining money to support cycle stands within local schools.

Housing

The Housing team applied for £6.21million of Round 2 Home Upgrade Grant funding to improve the energy efficiency of off gas homes for Cheshire East and Cheshire West and Chester Councils, which was successful.

They are also delivering energy efficiency improvements into 164 homes in partnership with our Registered Housing Providers having successfully secured £1.5million Social Housing Decarbonisation Funding.

We completed the Green Homes Grant schemes this year, delivering 572 energy efficiency measures to 362 households.

In June 2022, the Housing Options Team achieved Domestic Abuse Housing Alliance (DAHA) accreditation, which is a scheme open to Housing Associations, Local Authority Housing Teams and Homelessness Providers across the UK to help improve their response to domestic abuse.

We secured £838,857 of Rough Sleeping Initiative funding over 3 years to establish a Multi-Agency Disciplinary Team and 8 units of supported accommodation, to help those who are rough sleeping to access the services to deal with complex behaviour and enable them to secure and sustain accommodation.

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Environment & Neighbourhood Services

Environment & Neighbourhood Services are reporting a pressure of £2.2m against a net budget of £43.6m. £1.9m of this relates to income pressures in Planning, Libraries and Licensing as a legacy of the COVID-19 pandemic. £0.4m relates to COVID-19 related costs as more people are working from home leading to increased tonnage growth. A net £0.9m non-COVID-19 pressure arises in Environmental Services due to wholly owned company pay increases, increased costs of the waste disposal contract, and waste transfer station maintenance, mitigated by a higher than expected bereavement income surplus. There is a large staffing underspend across the majority of services due to vacancies and delaying recruitment to improve the overall Council financial position, offset slightly by the pay rise pressure.

Growth & Enterprise

Growth & Enterprise have an underspend of £1.6m against a net budget of £22.3m. There were a number of measures taken to help with the Council's financial position including releasing funding in Economic Development of £0.8m, reduction in planned maintenance in Facilities Management and Farms, stopping non-essential spend and holding vacancies across the majority of the services. Growth & Enterprise had inflationary pressures from the pay rise, responsive maintenance and energy costs which reduced the underspend available.

Highways & Infrastructure

Highways & Infrastructure are reporting an underspend of £1.6m against a net budget of £13.7m. There is a pressure of £0.8m included within these figures for lower income received from pay and display car parks, annual and quarterly parking permits and from penalty charge notices within Parking. This has been offset by £1.3m of additional income from Highways and Infrastructure, releases of earmarked reserves to improve the Council position of £0.4m, vacancies and delayed recruitment across the majority of services and a LEP contribution towards HS2.

Corporate Services**Customer Services**

- We have implemented new technology within the Contact Centre improving the experience customers have when contacting the Council
- We have supported the delivery of Government initiatives including Homes for Ukraine, Energy Support Grants and Household Support Fund
- We have implemented new digital technologies including a Chatbot, Customer Account and improved on-line services
- We have improved Customer satisfaction when contacting the Council and customers say it is now easier to get their issues resolved.

Achievements

We have provided procurement advice and activity, project and programme management and finance support for the following projects:

- Roll out of Contract Management System and integrating Docusign
- Leighton Solar Farm Contract awarded £4m
- Car Club implemented £300,000 – looking to extend further
- Corporate Cleaning Contract awarded £500,000
- Handforth Garden Village project completed feasibility and due to commence Design Optimisation activities
- Various Local Bus Service contracts re-procured after TSS has come in-house
- Water Coolers removed – savings achieved
- £76,000 supplier rebates achieved

- £10,000 agency contract savings
- Carers hub £3.75m
- Translation and Interpretation £950,000
- Statutory Advocacy Service £4.19m
- DPS for Day Opportunities £7m and Family Support Service £22m
- Holiday Activity and Food Programme 26 providers £2.5m

Workforce and Organisational Development

- Provided professional guidance and support to services to meet their ongoing workforce needs including restructures, recruitment and retention and employee relations matters
- Delivered a further round of the Mutually Agreed Resignation Scheme across the organisation
- Introduced a new e-learning platform with increased functionality, including the tracking of training and a simplified process for the recording of PDRs
- Strengthened apprenticeship programme with new cohorts and new apprenticeship standards, providing 90 new apprenticeship starts during 2022-2023
- Established and delivered a programme of recruitment and retention priorities, including:
 - Improvements to recruitment process
 - Developed programme of recruitment fairs
 - Introduced monthly strategic workforce assessments
 - Identified additional staff rewards
 - Additional wellbeing staff support for cost of living.

Social value supplier survey over the last 3 years

	2021/22	2020/21	2019/20
Number of suppliers surveyed	100	100	50
Number of suppliers responding	37	48	37
Response rate	37%	48%	54%
Percentage of total commercial spend accounted for	45%	44%	51%
Percentage of respondents from small and medium size enterprises, charities or trusts	54.05%	56%	56%

Social value survey highlights

Social value criterion	2021/22	2020/21	2019/20
Estimated number of jobs provided by respondents for Cheshire East residents	853	3,317	3,317
Volunteer work hours provided by respondents	48,856	20,343	29,959
Employees paid living wage	91.36%	86.9%	85.6%
Estimated number of apprenticeships provided by respondents (not specifically for Cheshire East Council work)	2,342	1,688	1,003

ICT Services

- The ICT Strategy 2023-7 has been approved.
- Following security remediation activity, we have developed a Zero Trust strategy that

ICT Services continued

- We launched the ICT Communications hub – Lighthouse.
- We attend Managers Share and Support to promote ongoing Adoption and Change

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<p>will be progressed in 2023/24 alongside further adoption of single sign-on.</p> <ul style="list-style-type: none"> • We have implemented new security tools to improve protection, detection, and automation. • We have undertaken a complete refit of all end-of-life networking components in the data centre to ensure a secure and compliant infrastructure, to meet the demands of the councils PSN accreditation. • We have worked with Customer Services to deliver a new contact centre system for all contact centre staff and new digital technologies including a Chatbot, Customer Account and improved on-line services. • Cheshire Care Record, we have migrated social care feeds into the C&M shared care record. • The CCIS Youth Service has been migrated from Core IYSS to Liquidlogic. • We have implemented integrated information sharing for social workers and care brokers in the integrated discharge team at Macclesfield hospital. • We have rationalised Adult Social Care commissioning systems for contract performance. • We have ensured Assistive Digital Technology system integration and data quality improvements through monitored usage and outcomes. • We have a SEND parent portal operational use case. • Portal enhancements for Mental Health Reablement and Dementia Reablement referrals and workflow in ASC, the Fostering system portal and workflow optimisation. • Early Years payment process utilisation in ContrOCC. 	<p>Management (ACM) activities and BITesize eLearning.</p> <ul style="list-style-type: none"> • We continue to train and develop our Bright Spark IT Champions. • We undertook a Customer Satisfaction Survey to understand where we could improve further. • The MyCareView patient portal has 69,413 registrations, representing just under a quarter of the adult population over age 18. With 17,352 active users representing a quarter of the total user base. • Live well have become the de facto location for CEC public-facing Adult, Children, and Public Health service information. There have been 161,800 unique new users since February 2022. • We have implemented a Security Operations (SecOps) Team. • Cheshire East and West Councils have approved a new operating model for future ICT Services. • We have delivered over 60,000 hours of ICT developments in 2022/23. • Live Well Cheshire East is being expanded with online care need and carer assessments and financial eligibility checks. • We have a publicly available Information Asset Register which outlines all the Council's information assets. • Public Rights of Way (PROW) maps are now available digitally to the public. • We are harmonising information across the estate to produce a master 360-degree record for Resident, Employee, Address and Business. • We have deployed and transitioned to a centralised Business Intelligence platform. • We have implemented an Email Retention Policy for all Officers to support compliant and secure working with information.
<p>ICT Achievements</p> <ul style="list-style-type: none"> • We have begun the roll out of Windows 11 to all users, to ensure we are able to use the latest security features. • We have migrated over 3000 SharePoint sites to the cloud SharePoint Online 	

platform, which will leverage enhanced information management and compliance functionality.

- We have digitised key elements of the corporate archive to protect and preserve the corporate memory.
- We have reduced our data centre Carbon Emissions (kgCO₂) by more than 22%.

The Corporate Services Directorate has reported an underspend against budget of £651,000.

The main underspends in the service were due to holding vacancies across many services in the Directorate, reduced non-essential spend, and, as a result of the continued impact of COVID-19 bounce-back, additional marriage income in Registrations. These underspends were partially offset by overspends in ICT Shared Services, and the shared Transactional Services Centre. There was also an overspend on Housing Benefits Payments Centre, which is a volatile budget and additional one-off costs relating from the implementation of the Unit 4/Best4Business System, which cannot be charged to the joint capital project with Cheshire West and Chester Council.

Changes in Pension Estimates

Due to the scale of the pension assets (£1.6bn) and liabilities (£1.4bn) detailed in the Accounts, even small percentage changes in assumptions regarding their value can have a noticeable impact on the reported position.

The net pension liability (deficit) reported in the Accounts in 2021/22 has now reduced and has created a net pension asset for 2022/23 (change of £645m).

Detailed actuarial valuations are carried out every three years and the formal valuations for English and Welsh Local Government Pension Scheme (LGPS) Funds were concluded as at 31st March 2022. The balance sheet position for 2022/23 is based on the 2022 formal valuation rolled forward to 31st March 2023.

Council Tax

Cheshire East collects Council Tax for the whole area and the income is split between the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Town and Parish Councils in addition to its own requirement. The total budgeted collectable amount for 2022/23 was £313.8m. The carried forward deficit on the Council Tax Collection Fund at the end of 2022/23 is £3.1m.

The Council Tax in-year collection rate for 2022/23 is 98.19%, a slight increase from the previous year's performance. The strong economy in Cheshire East also contributed to an increase in the overall tax base of 1.83% (from 153,796.10 to 156,607.48).

Business Rates

Cheshire East collects Business Rates for the whole area and the income is split 49% to Cheshire East, 50% to the Department for Levelling Up, Housing and Communities (DLUHC) and 1% to the Cheshire Fire Authority. The total budgeted collectable amount for 2022/23 was £137.2m as per the NNDR1 return. The carried forward deficit on the Business Rates Collection Fund at the end of 2022/23 is £15.2m, however £8.7m of this deficit is due to the accounting arrangements required

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for the COVID-19 Additional Relief Fund and will be repaid in full in 2023/24 with S31 grant that has already been received from DLUHC for the CEC share and the remaining 50% share will be repaid by Central Government.

The Business Rates in-year collection rate for 2022/23 is 98.23% which is an increase of 2.63% from the previous year's performance.

Financial Overview - Capital Programme

Capital expenditure represents money spent by the Group on purchasing, upgrading and improving assets that will be of benefit to the community over many years.

Total capital expenditure in 2022/23 was £116.4m compared to the original budget, as at February 2022, of £185.2m.

The forecast for planned spend is updated throughout the year and published in the Financial Review reports. During 2022/23 a number of major projects have either completed or got under way including Poynton Relief Road (£14.0m), Schools Improvement Programme (£9.1m), ICT Programme (£7.3m), Congleton Leisure Centre (£6.4m) and Public Sector De-carbonisation Funding (£3.9m).

Slippage against the revised forecast of £125.2m reported for the 3rd Financial update (March 2023) totalled £8.8m.

Capital receipts in-year amounted to £4.9m from the sale of surplus assets, including Alderley Cemetery Lodge (£0.2m), Land off Coppice Way (£1.9m), and former housing right to buy receipts (£2.1m).

The Council has succeeded in attracting £58.3m of grant funding and external contributions for capital improvements. This minimises the financial impact of the capital programme on the revenue budget, and so protects funding for other services such as social care.

The Council has an ambitious capital programme with the highest spending in Highways and Infrastructure, followed by Growth and Enterprise and the Children and Families programme:

	Outturn 2022/23 £m	Three Year Forecast			Total £m
		2023/24 £m	2024/25 £m	2025/26 £m	
Expenditure					
Children and Families	9.3	52.0	34.1	31.7	127.1
Adults and Health	0.0	0.5	0.0	0.0	0.5
Highways and Transport	65.6	69.6	77.4	128.4	341.0
Economy and Growth	21.0	93.4	55.2	78.7	248.3
Environment and Communities	13.2	11.3	16.7	0.6	41.8
Corporate Policy	7.3	13.6	9.7	5.9	36.5
Total Expenditure	116.4	240.4	193.1	245.3	795.2
Funding					
Grants and Other Contributions	53.8	159.9	141.6	139.1	494.4
Capital Receipts and Reserves	2.2	4.9	1.0	33.6	41.7
Borrowing	60.4	75.6	50.5	72.6	259.1
Total Funding	116.4	240.4	193.1	245.3	795.2

Protecting Against Risks

The Council has a risk management framework with hierarchical risk registers forming part of the process which operate at strategic, operational and project levels. Emerging significant risks are escalated to senior members and/or officers, as appropriate, in line with the potential likelihood and impact of the risk upon objectives. Formal reports with regard to the risk management process are made throughout the year to senior officers and members.

During the year the strategic risk register has been reviewed and maintained to ensure that the strategic risks remain relevant and that risk interdependencies are understood. Operational risk registers are included within team plans.

The Council's key strategic risk register has recognised potential threats from increasing demand for services and managing the Council's financial resilience. It recognised the challenges the Council could face arising from cyber attacks and other disruptions, requiring us to have effective business continuity arrangements in place. The economic position and austerity challenges continue to be recognised for the impact on both the Council, its partners, and the potential negative impact on the achievement of objectives.

The register also includes a number of high impact projects and investments, which when successfully implemented will bring significant benefits for the area, but require careful and constant management to deliver.

Narrative Report – Expenditure and Income Commentary

Explanation of the Financial Statements

The Accounts and Audit (England) Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Group Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) which require that the Financial Statements of the reporting authority (Cheshire East Council) and its subsidiaries and associates shall be prepared as of the same date.

Subsidiaries have been consolidated into the Group Accounts on a line-by-line basis incorporating their income and expenditure fully in the relevant service revenue accounts. **Note 32** provides further details of the various companies in which the Council has an interest. Tatton Park Enterprises Limited and Cheshire & Warrington Enterprise Partnership Limited have been excluded from Cheshire East Council Group Accounts on the grounds of immateriality.

The Council is also required to produce Financial Statements as a single entity. The Cheshire East Council statements follow on from the Group Financial Statements.

The statements contain a number of elements which are explained below.

The Financial Statements

Movement in Reserves Statement - this shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. Usable reserves include the Capital Grants Unapplied Account which are grants received but not yet utilised.

The 'Surplus or (Deficit) on the provision of services' shows the true economic cost of providing the Group's services, which is shown in more detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes.

The 'Net Increase / Decrease before Transfers to Earmarked Reserves' shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Group's long-term strategy is to hold appropriate levels of general reserves to provide funds for investment and to protect the Group against financial risks.

General (£14.1m) and Earmarked reserves (£67.0m including Schools) have decreased in 2022/23 to £81.1m.

The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts. The impact of rising demand for services, the economic climate, emerging Government policies (particularly in relation to Business Rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

Resilience has been impacted over the last few years by the reliance on the use of reserves to balance the budget. Information from the CIPFA Financial Resilience data has shown that the level of general reserves held by the Council are significantly lower than our nearest neighbours. In line with a priority of the Corporate Plan, the Medium Term Financial Strategy will seek to increase the level of general reserve and replenish earmarked reserves.

Comprehensive Income and Expenditure Statement – this statement reflects the sum of all income, expenditure, gains and losses incurred by the Group in the last 12 months and explains how the Balance Sheet position has changed between the two financial years. This statement shows the financial position in accordance with accounting practice which means that the costs include notional charges for items such as depreciation, impairment, capital grants and capital charges.

Balance Sheet – this shows the value of the Group's asset and liabilities at the balance sheet date. These are matched by reserves which are split into two categories: usable and unusable reserves. Usable reserves (e.g., General Fund and earmarked reserves) can be used to support services or to reduce local taxation. Unusable reserves arise out of the interaction of legislation and proper accounting practice, either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves are not resource-backed and cannot be used for any other purpose.

Cash Flow Statement – this shows the changes in the Council's cash and cash equivalents during the reporting period. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The advice from our treasury advisors, Arlingclose has been to borrow short-term from other local authorities, rather than take out long-term loans with PWLB (Public Works Loan Board) as short-term interest rates are currently lower than long-term rates, and it is likely to be more cost effective in the short-term to borrow short-term loans instead.

Collection Fund – this is an agent's statement that reflects the statutory obligation for Cheshire East Council, in its capacity as a billing authority, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of Council Tax and Non-Domestic Rates from taxpayers and the distribution to local authorities and the Government.

Statement of Responsibilities - this sets out the respective responsibilities of the Authority and the Chief Finance Officer – Section 151 Officer.

Independent Auditor's Report – gives the auditor's opinion on the financial statements and the auditor's conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Narrative Report – Future Opportunities and Challenges

Medium Term Financial Strategy (MTFS) 2023/24 – 2026/27

To provide the best opportunity to achieve the Corporate Plan, and manage the ambitions of the area, the Council created a Medium-Term Financial Strategy for 2023 to 2027 that balances spending on services against resources across each of the next four years. This four-year balanced approach repeated the achievement of the previous MTFS, but high national inflation levels created the need for several important changes to the strategy.

The budget and future years estimates were prepared against material gross overspending forecasts. These were largely caused because of inflation running as high as 10%. National target inflation, which influenced many local budget forecasts, remains at only 2%. Increasing wages and energy costs exceeded forecasts as did legacy costs from the COVID-19 pandemic. The high inflation and demand for services has required a response at both a local and national level.

The Council was due to act as a trailblazer for Adult Social Care reform, but this policy was suspended by the Government, partially in recognition of the immediate financial pressure in the sector. Social Care grants have been increased, either direct to Local Government or in conjunction with the NHS. The Council contributed important insight for the Department of Health and Social Care prior to this change in policy. The Government also increased the thresholds for Council Tax increases, with a clear expectation that Council's would access additional funding from this change.

Despite additional government grants the Council recognised that expenditure would continue to rise. This created a requirement to increase Council Tax levels in line with Government expectations, which was **4.99%** in 2023/24. There are forecast increases of 4.99% in 2024/25 and then 2.99% thereafter. These may well need to be reviewed in-line with increasing inflation levels and future Government policy. 2% (£5.2m) of the Council Tax increase in 2023/24 will be solely utilised to fund increasing care costs within Adult Social Care.

The Fair Funding Review (FFR) and Business Rates Retention (BRR) have still not been implemented, but government settlements are working towards longer term certainty. This takes the form of multi-year settlements to Local Government as a sector, but this can still create challenges in understanding specific local allocations. Council officers will continue to work with the Government on informing the approach to funding for the next financial year and beyond.

Future Challenges

The medium-term outlook is one of continuing uncertainty. Locally the Council has, however, developed a balanced strategy, although this relies on several assumptions about ongoing support from government. The impact of cost-of-living increases and rising inflation remain as risk factors in the medium-term. In an effort to mitigate this risk, monitoring of the financial proposals within the MTFS is being enhanced to create more time to react to any required changes.

The Council will aim to review the Corporate Plan during 2023 which will of course reflect access to funding sources in the medium term. This is particularly important whilst the Council emerges from all-out local elections. The Council wants to be flexible and support new approaches, but the level of reserves will not sustain delays in achieving headline financial targets. The four-year forecasts will help with this longer-term planning and create helpful parameters for service planning.

The Council took part in the Department for Education's Delivering Better Value Scheme during 2022/23. The quality of information provided by the Council was highly regarded as the scheme organisers reviewed the Council's approach to managing expenditure in High Needs education. The

scheme will provide additional funding to manage further transformation in this important area, but the underlying financial risk has not changed.

The levels of expenditure on pupils with special educational needs and disabilities are unaffordable within the current funding levels of the Council, a result of higher demand and complexity. This has resulted in an increase to the deficit on the DSG reserve. This position is being managed through an accounting override, put in place by the Department for Levelling Up, Housing and Communities, which allows the deficit to be treated as an unusable reserve. The override has been extended to 31st March 2026. But the deficit is still forecast to increase over the next three years to as much as £150m. The Council continues to liaise with DfE and DLUHC on managing this issue.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council and its subsidiaries. I would like to express my gratitude to all colleagues, from my team and other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the 2022/23 financial year.

I hope you find this narrative and accompanying statements clear and informative. If you require any further information, please contact Cheshire East Customer Services on 0300 123 55 00 (all calls at local rates).

Alex Thompson FCPFA

Chief Finance Officer - Section 151 Officer



Provisional Financial Outturn 2022/23

July 2023

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 398,000 local people with annual spending of over £470m.

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

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics and the national cost of living increases. This demand has resulted in a provisional outturn of £324.7m against a revised net revenue budget of £318.7m, an overall revenue budget overspend of £6.0m.

The likelihood of this negative outturn emerged through quarterly reporting and reflected the higher than forecast inflation in prices and wages. Within this overall position there was underspending within Place based services and within Corporate Services. The overspending pressure was mostly contained in care services and transport costs.

The Medium-Term Financial Strategy was significantly reviewed in the period November 2022 to January 2023 to respond to the emerging financial issue. The pressures affecting the medium term finances of the Council have been addressed as part of the MTFS process for 2023 to 2027.

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 2022/23:

The **Financial Stability** section provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2022/23 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** Finance Sub-Committee.
- **Appendix 7** Highways and Transport Committee.
- **Appendix 8** Update to the Treasury Management Strategy.
- **Appendix 9** Update to the Investment Strategy.

Alex Thompson

Director of Finance and Customer Services
(Section 151 Officer)

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2022/23 Provisional Outturn - Financial Position

2022/23 Outturn Review	Revised Budget (NET)	Provisional Outturn	Variance Over / For further information please see (Underspend) the following sections
	£m	£m	£m
Service Directorates			
Adults, Health & Integration	121.7	132.2	10.5 Financial Stability and Appendix 1
Children and Families	78.6	83.8	5.2 Financial Stability and Appendix 2
Place	80.3	79.1	-1.2 Financial Stability and Appendix 4,5,7
Corporate	39.7	39.1	-0.7 Financial Stability and Appendix 3
Central Budgets			
Capital Financing	17.1	17.1	0.0 Appendix 6 - Section 4
Transfer to/(from) Earmarked Reserves	-5.7	-11.7	-6.0 Appendix 6 - Section 5
Corporate Contributions / Central Budgets	-13.0	-14.9	-1.9 Financial Stability
TOTAL NET EXPENDITURE	318.7	324.7	6.0
Business Rates Retention Scheme	-28.3	-28.3	0.0 Financial Stability
Specific Unringfenced Grants	-36.5	-36.6	0.0 Appendix 6 - Section 2
Council Tax	-253.8	-253.8	0.0 Financial Stability
FUNDING	-318.7	-318.7	0.0
NET (SURPLUS) / DEFICIT	0.0	6.0	6.0

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 rapid inflation, the legacy impact of the Coronavirus pandemic 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. Rising inflation in fuel, utilities and wage levels are affecting costs across all services.
3. In March a forecast outturn of £7.7m net overspend was reported at the Corporate Policy Committee (The full report can be found [Corporate Policy Committee 23 March 2022](#))
4. The outturn position is now an overspend of £6.0m. **Table 1** provides a service summary of financial performance and the narratives provide further details in the following paragraphs.

Table 1 - Provisional Revenue Outturn

2022/23 Outturn Review	Revised Budget (NET) £m	Provisional Outturn Over / (Underspend) £m	Change from Third Review Over / £m
Service Directorates			
Adult Social Care	116.5	11.0	2.4
Commissioning	5.2	-0.5	-0.8
Public Health	0.0	0.0	0.0
Adults and Health Committee	121.7	10.5	1.6
Directorate	1.2	-0.6	-0.2
Children's Social Care	46.9	4.7	2.2
Education and 14-19 Skills	22.4	3.0	-0.1
Strong Start, Family Help and Integration	8.0	-1.9	-0.2
Children and Families Committee	78.6	5.2	1.7
Directorate	0.7	-0.1	0.0
Growth and Enterprise	22.3	-1.6	-1.0
Economy and Growth Committee	23.0	-1.8	-0.9
Environment & Neighbourhood Services	43.6	2.2	-0.6
Environment and Communities Committee	43.6	2.2	-0.6
Highways and Infrastructure	13.7	-1.6	-1.5
Highways and Transport Committee	13.7	-1.6	-1.5
Directorate	0.5	0.0	0.1
Finance and Customer Services	12.7	0.4	-0.2
Governance and Compliance Services	11.1	-0.8	-0.1
Communications	0.7	0.0	0.0
HR	2.5	-0.5	-0.3
ICT	10.0	0.3	-0.5
Policy and Change	2.3	0.0	0.0
Corporate Policy Committee	39.7	-0.7	-1.0
Total Services Net Budget	320.3	13.9	-0.7
Central Budgets			
Capital Financing	17.1	0.0	0.0
Transfer to/(from) Earmarked Reserves	-5.7	-6.0	0.0
Corporate Contributions / Central Budgets	-13.0	-1.9	-1.0
Total Central Budgets	-1.6	-7.9	-1.0
Total Net Budget	318.7	6.0	-1.7
Business Rates Retention Scheme	-28.3	0.0	0.0
Specific Grants	-36.5	0.0	0.0
Council Tax	-253.8	0.0	0.0
FUNDING	-318.7	0.0	0.0
Net Position	0.0	6.0	-1.7

5. Adults and Health Committee:

- The Adult Social Care (Operations and Commissioning) and Public Health budgets remain under continued pressure across the country. The rising cost of Social Care in Cheshire East is driven by increasing demand for services, increasing complexity of the demand and increasing costs in providing them. Demand for Social Care is therefore not driven exclusively by an ageing population, the prevalence of disability among working-age adults has also increased over recent years. In addition to increasing demand, the unit cost of providing care services is also going up, driven mainly by workforce costs and this has been recognised in the 2023/24 budget where growth has been allocated.

6. Children and Families Committee:

- The Children and Families final outturn for 2022/23 reflects a £5.2m overspend. The breakdown of that position is shown in the main summary table. The key pressure areas for the directorate include the following:
- Children's social care agency placements – where the number of children in care has continued to increase from 521 at April 2022 to 585 at April 2023 and placement costs are increasing by more than inflation.
- The increased use and cost of agency staff in children's social care to cover vacant posts.
- Higher legal costs within children's social care with longer processes and more challenge.
- Home to school transport costs – where a mix of increasing numbers of pupils with an education, health and care plan (EHCP), driver shortages and increasing fuel costs have seen overall costs rise.

- Educational Psychologists – where there is the need for agency staff to cover posts and challenges in recruiting and retaining staff.
- The £5.2m reflects the position after £4m of one-off mitigating measures have been applied including resettlement funding, funding transformation costs from capital receipts and use of earmarked reserves. As a result, the underlying pressure is much greater.
- A number of these items are reflected in growth allocations in the MTFs. However, the position will require careful management during 2023/24 and the Directorate is developing work plans.

Dedicated School Grant (DSG):

- The key pressure on DSG relates to the high needs block where the SEND service continues to see a significant increase in the number of pupils with an EHCP.
- This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £21.2m overspend in 2022/23. This adds on to the brought forward deficit of £25.7m to take the DSG Reserve to a £46.9m deficit position.
- This is in line with the budget gap as determined by the council's DSG Management Plan that was reported to Children and Families Committee in September 2022 and set out the planned expenditure and income on high needs over the medium term.
- The deficit is currently being managed by an accounting override until 2026 which allows it to be treated as an un-usable reserve. At this stage the position is not recoverable unless there are significant changes to funding or demand or both.

7. Environment and Communities Committee:

- Environment & Neighbourhood Services are reporting a pressure of £2.2m against a net budget of £43.6m. £1.9m of this relates to income pressures in Planning, Libraries and Licensing as a legacy of the covid pandemic. £0.4m relates to covid related costs as more people are working from home leading to increased waste collection and transfer costs due to tonnage growth. A net £0.9m non covid pressure arises in Environmental Services due to the impact of the pay rise pressure on the cost of services delivered to the Council by it's wholly owned companies, plus increased costs as a consequence of significant inflation impacts against waste disposal contracts, together with waste transfer station maintenance and compliance measures. These costs increased have been mitigated to some extent by a higher than expected bereavement income surplus and a tonnage rebate from Ansa due mainly to lower organic waste in quarter 4. There is a large staffing underspend across the majority of services due to vacancies and delaying recruitment to improve the overall Council financial position, offset slightly by the pay rise pressure.

8. Economy and Growth Committee:

- Growth & Enterprise have an underspend of £1.6m against a net budget of £22.3m. There were a number of measures taken to help with the Council's financial position including releasing funding in Economic Development of £0.8m, reduction in planned maintenance in Facilities Management and Farms, stopping non-essential spend and holding vacancies across the majority of the services. Growth & Enterprise had inflationary pressures from the pay rise, responsive maintenance and energy costs which reduced the underspend available.

9. Highways and Transport Committee:

- Highways & Infrastructure are reporting an underspend of £1.6m against a net budget of £13.7m. There is a pressure of £0.8m included within these figures for lower income received from pay and display car parks, annual and quarterly parking permits and from penalty charge notices within Parking. This has been offset by £1.3m of additional income from Highways and Infrastructure, releases of earmarked reserves to improve the Council position of £0.4m, vacancies and delayed recruitment across the majority of services and a LEP contribution towards HS2.

10. Corporate Policy Committee:

- The Corporate Services Directorate has reported an underspend against budget of £651,000.
- The main underspends in the service were due to holding vacancies across many services in the Directorate, reduced non-essential spend, and, as a result of the continued impact of COVID bounce-back, additional marriage income in Registrations. These underspends were partially offset by overspends in ICT Shared Services, and the shared Transactional Services Centre. There was also an overspend on Housing Benefits Payments Centre, which is a volatile budget and additional one-off costs relating from the implementation of the Unit 4/Best4Business System, which cannot be charged to the joint capital project with Cheshire West and Chester Council.

11. Central Budgets:

- The Central Budgets are reporting an underspend of £7.9m against budget. This relates to the drawdown from reserves, for prior year funding that has been carried forward to 2022/23, to offset Covid scarring costs held within services and the over recovery of past service employer pension contributions compared to the budget set.

12. Other Companies:

- The Council's wholly owned companies' core contract expenditure was £37.94m in 2022/23, relating to services provided at cost for the Council. This position includes a net £1.5m of additional costs in year, relating to pay award pressures, significant inflation against contracts and materials, the legacy effects of Covid and increased demand for services; partly offset by improvements against waste tonnages, bereavement income and staffing vacancies, and other efficiencies. The net increase in cost is reflected in the Council's outturn position, mainly against Environment & Communities Committee services, but also partly Highways & Transport Committee functions.
- Ansa and Orbitas realised £0.356m in profits (after tax) from commercial activities. Although Transport Service Solutions (TSS) ceased trading on 31 March 2022, there were residual transactions in 2022/23, as part of winding down the company, generating a £0.106m surplus as at 31 March 2023, which will be paid as a final dividend in 2023/24. An interim dividend of £0.291m was paid in-year from TSS to the Council.

Outturn Impact

13. At the third financial update stage it was planned that £5.2m would be used from the MTFS reserve to mitigate the forecast overspend. The residual impact on General Reserves were planned to be a reduction of £2.5m, decreasing the forecast closing balance of £14.9m to a potential closing balance of £12.4m, which is aligned to the risk assessed level of reserves for the 2023/24 Budget.
14. The actual overspend has allowed the use of the General Reserve to be reduced to £0.8m taking the closing balance to £14.1m.

Collecting Local Taxes for Local Expenditure

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

Council Tax

16. Council tax is set locally and retained for spending locally. Council tax was set for 2022/23 at £1,626.24 for a Band D property. This is applied to the taxbase.
17. 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 2022/23 was agreed at 156,607.48 which, when multiplied by the Band D charge, means that the expected income for the year is £254.7m.
18. 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 3** shows these amounts separately, giving a total budgeted collectable amount of £313.8m.
19. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the amount billed will therefore exceed the budget.
20. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £315.6m.

Table 3 – Cheshire East Council collects Council Tax on behalf of other precepting authorities

	£m
Cheshire East Council	254.7
Cheshire Police and Crime Commissioner	36.9
Cheshire Fire Authority	12.9
Town and Parish Councils	9.3
Total	313.8

21. **Table 4** shows collection rates within three years and, following a slight drop below this rate during the Covid-19 pandemic, demonstrates that 99% collection rate is on target to be achieved within this period for 2022/23.
22. **Table 4 – 99% of Council Tax is collected in three years**

Financial Year	CEC Cumulative			
	2019/20	2020/21	2021/22	2022/23
	%	%	%	%
After 1 year	97.9	97.4	97.8	98.2
After 2 years	98.8	98.6	98.5	**
After 3 years	98.9	98.9	**	**

**data not yet available

23. The council tax in-year collection rate for the period up to the end of March 2023 is 98.2%. This is a small increase of 0.4% on the previous year, despite current cost of living pressures. Facilities are in place for residents to extend payments where needed and staff are engaging with residents who need additional support.

24. Council tax support payments were budgeted at £18.4m for 2022/23 and at the end of March 2023 the total council tax support awarded was £18.7m.
25. During 2021/22 there was a consultation and review of the Council Tax Support scheme resulting in some amendments being made. The revised scheme was confirmed by full Council in December 2021.
26. Council tax discounts awarded are £29.4m which is an increase of £1.9m in comparison to the same period in 2021/22. This increase is attributable to work related to raising awareness of the discounts available to residents.
27. Council tax exemptions awarded is £8.0m, which is a small increase of £0.4m compared with 2021/22.

Non-Domestic Rates (NDR)

28. NDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief.
29. The small business multiplier applied to businesses which qualify for the small business relief was set at 49.9p in 2022/23. The non-domestic multiplier was set at 51.2p in the pound for 2022/23.
30. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

31. **Table 5 – Over 99% of Business Rates are collected within three years**

Financial Year	CEC Cumulative			
	2019/20	2020/21	2021/22	2022/23
	%	%	%	%
After 1 year	98.2	92.4	95.6	98.2
After 2 years	98.4	97.4	98.3	**
After 3 years	99.2	99.0	**	**

**data not yet available

32. The business rates in-year collection rate for the period up to the end of March 2023 is 98.2%. This is a 2.6% increase on last year and continues the growth of collection rates back to pre-pandemic figures. A return to standard collection processes and government support through additional reliefs has assisted the recovery in collection.

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Appendix 4 : Economy and Growth Committee

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Economy and Growth Committee Extracts

1. Changes to Revenue Budget 2022/23 since Third Financial Review Update

2. Corporate Grants Register

Table 1: Economy and Growth Committee Grants

Table 2: Council Decision Additional Grant Funding (Specific Purpose) over £1m

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

3. Debt Management

4. Capital Strategy

5. Reserves Strategy

Appendix 4

Economy and Growth Committee

1. Changes to Revenue Budget 2022/23 since Third Financial Review Update

	Third review Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
Economy and Growth				
Directorate	832	-	(144)	688
Growth & Enterprise	22,822	-	(488)	22,334
	23,654	-	(632)	23,022

2. Corporate Grants Register

Table 1 – Corporate Grants Register

Grants 2022/23	Revised Forecast FR3 2022/23 £000	Final Outturn 2022/23 £000	Change from Revised Forecast FR3 2022/23 £000	Treatment of Grant <i>Notes 2 - 5</i>
ECONOMY & GROWTH				
Specific Purpose (Held within Services)	4,720	8,535	3,815	
General Use (Held Corporately)				
Shared Prosperity Fund	1,226	0	(1,226)	
TOTAL ECONOMY & GROWTH	5,946	8,535	2,589	

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.

- 2.1 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.
- 2.2 Spending in relation to specific use grants must be in line with the purpose for which it is provided.
- 2.3 The Shared Prosperity Fund grant was initially coded to unring-fenced grants at the Third Financial Review, but then transferred to a service grant code. The majority of the

Shared Prosperity Fund grant (£1.17m) was subsequently treated as Receipt In Advance for use in financial year 2023/24.

- 2.4 **Table 2** shows additional specific purpose grant allocations that have been received over £1m that Council will be asked to approve.
- 2.5 **Table 3** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.

Table 2 – Council Decision - Supplementary Revenue Estimates of Additional Grant Funding (Specific Purpose) over £1m

Committee	Type of Grant	£000	Details
Economy and Growth	Local Enterprise Partnership (LEP): Evergreen (Specific Purpose)	5,000	This grant is European Regional Development Fund (ERDF) funding, administered by the Department for Levelling Up, Housing and Communities (DLUHC). The grant is to provide loan and investment finance in relation to a Cheshire and Warrington urban development fund.
Total Specific Purpose Allocation for Council Approval		5,000	

Table 3 – Note Delegated Decision - Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Use) £500,000 or less

Committee	Type of Grant	£000	Details
Economy and Growth	Domestic Abuse New Burdens Grant (Specific Purpose)	22	This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). Funding was received to help offset against increased spend relating to Domestic Abuse Related Homelessness.
Economy and Growth	Protect & Vaccinate Grant (Specific Purpose)	57	This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). Grant was recouped by DLUHC in year as the figure is underspend from prior year.
Economy and Growth	Crewe Town Funds (Specific Purpose)	56	This grant is from the Department for Levelling Up, Housing and Communities (DLUHC) and relates to revenue funding in relation to the business case preparation and appraisal of projects within the Towns Fund main funding allocation.
Economy and Growth	Natural England - Stewardship scheme (Specific Purpose)	7	This grant is from Natural England. The payment relates to maintenance and management of countryside sites of special scientific interest.
Economy and Growth	Apprentice Incentive Scheme (Specific Purpose)	2	This grant is from the Department for Education. Payment for taking on an apprentice and can be spent on any costs associated with supporting an apprentice in the workplace including salary (https://www.gov.uk/guidance/incentive-payments-for-hiring-a-new-apprentice). This is allocated via Children's Services.
Total Specific Purpose Allocations less than £500,000		144	

3. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Economy and Growth Committee		
Growth and Enterprise	519	207
	519	207

4. Capital Strategy

Economy and Growth								CAPITAL						
CAPITAL PROGRAMME 2022/23- 2025/26														
	Forecast Expenditure							Forecast Funding						
	Total Approved Budget £000	Prior Years £000	Actuals 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000		
Scheme Description														
Committed Schemes														
Culture & Tourism														
Archive Option Development	390	293	97	0	0	0	97	0	0	0	0	97	97	
Countryside Capital Projects	605	601	0	4	0	0	4	4	0	0	0	0	4	
Countryside Vehicles	999	0	0	587	193	219	999	0	0	47	0	952	999	
Public Rights of Way - CMM A6 MARR	100	2	7	91	0	0	98	98	0	0	0	0	98	
Public Rights of Way - Flood Damage Investment	63	15	40	8	0	0	48	0	0	0	0	48	48	
Public Rights of Way - Capital Works	860	770	84	7	0	0	91	91	0	0	0	0	91	
Rural & Green Section 106 Schemes	50	16	0	33	0	0	33	0	33	0	0	0	33	
Tatton Park Investment Phase 2	1,969	0	96	1,373	500	0	1,969	96	0	0	0	1,873	1,969	
Economic Development														
Connecting Cheshire 2020	7,238	0	1,697	2,303	2,238	1,000	7,238	7,655	0	0	0	-417	7,238	
Connecting Cheshire Phase 2	883	0	0	0	0	883	883	0	313	0	0	570	883	
Connecting Cheshire	595	0	0	0	0	595	595	0	48	0	0	547	595	
Crewe Town Centre Regeneration	32,018	11,940	3,117	15,444	0	1,517	20,078	665	0	0	0	19,413	20,078	
Demolition of Crewe Library Site	2,765	13	168	1,214	1,370	0	2,752	1,229	0	0	0	1,523	2,752	
Future High Street Funding - CEC Innovation Centre	1,169	58	0	1,111	0	0	1,111	1,111	0	0	0	0	1,111	
Future High Street Funding - Christ Church Innovation	1,934	71	10	1,854	0	0	1,863	1,863	0	0	0	0	1,863	
Leighton Green	2,096	1,455	8	333	300	0	641	0	0	0	0	641	641	
Macclesfield Town Centre	2,219	1,767	94	358	0	0	452	0	0	0	0	452	452	
North Cheshire Garden Village	64,707	5,491	511	12,389	9,000	37,317	59,217	21,700	0	0	21,700	15,817	59,217	
South Macclesfield Development Area	34,630	3,089	148	1,393	10,000	20,000	31,541	10,000	10,000	0	11,393	148	31,541	

Economy and Growth

CAPITAL

CAPITAL PROGRAMME 2022/23- 2025/26													
Scheme Description	Forecast Expenditure							Forecast Funding					
	Total Approved Budget £000	Prior Years £000	Actuals 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £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													
Estates													
Corporate Landlord - Operational	1,027	963	0	65	0	0	65	0	0	0	0	65	65
Farms Strategy	1,710	0	0	314	306	1,090	1,710	0	0	0	1,710	0	1,710
Malkins Bank Landfill Site	1,360	511	54	795	0	0	849	0	0	0	61	788	849
Public Sector Decarbonisation Fund - FM 1	1,855	1,759	0	96	0	0	96	96	0	0	0	0	96
Public Sector Decarbonisation Fund - FM 2	604	389	63	153	0	0	216	216	0	0	0	0	216
Premises Capital (FM)	13,163	0	3,291	3,903	3,500	2,469	13,163	0	0	0	0	13,163	13,163
Red Roofs Hole Farm Alderley Edge - Acquisition	15	12	1	3	0	0	3	0	0	0	0	3	3
Schools Capital Maintenance	2,582	0	743	1,838	0	0	2,582	2,291	0	291	0	0	2,582
Septic Tanks	636	250	31	356	0	0	387	0	0	0	0	387	387
Housing													
Astbury Marsh Caravan Park	211	143	68	0	0	0	68	0	0	0	0	68	68
Disabled Facilities Grant	11,624	0	2,999	3,940	2,342	2,342	11,624	9,944	752	0	0	928	11,624
Future High Street Funding - Chester Street	1,378	3	0	5	1,370	0	1,375	1,375	0	0	0	0	1,375
Future High Street Funding - Delamere Street	1,459	4	1	7	1,447	0	1,455	1,455	0	0	0	0	1,455
Green Homes Grants	3,898	769	1,481	1,649	0	0	3,129	1,452	1,677	0	0	0	3,129
Gypsy and Traveller Sites	4,136	1,246	43	2,847	0	0	2,890	700	436	0	0	1,755	2,890
Home Repairs for Vulnerable People	930	0	305	226	200	200	930	0	85	0	0	845	930
Sustainable Warmth - Home Upgrade Grant	2,810	4	627	2,179	0	0	2,806	2,806	0	0	0	0	2,806
Temporary Accommodation	958	300	578	80	0	0	658	0	318	340	0	0	658
Warm Homes Fund	239	173	25	41	0	0	66	66	0	0	0	0	66
Total Committed Schemes	205,886	32,106	16,386	56,997	32,765	67,631	173,780	64,911	13,662	678	34,864	59,665	173,780

CAPITAL PROGRAMME 2022/23- 2025/26

Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Actuals 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Total Forecast Budget 2023/27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
New Schemes													
Culture & Tourism													
Cattle Handling Facility	190	0	0	190	0	0	190	0	0	190	0	0	190
Crewe Towns Fund - History Centre Public Realm	14	0	14	0	0	0	14	14	0	0	0	0	14
New Archive Premises	10,256	0	0	4,106	5,699	451	10,256	0	0	0	0	10,256	10,256
Rural & Green Section 106 Schemes	112	0	1	64	47	0	112	0	112	0	0	0	112
Economic Development													
Connecting Cheshire Phase 3	8,000	0	0	1,600	2,400	4,000	8,000	0	8,000	0	0	0	8,000
Handforth Heat Network	13,710	0	0	9,910	2,000	1,800	13,710	5,420	4,890	0	0	3,400	13,710
Crewe Towns Fund - Mill Street Corridor	190	3	187	0	0	0	187	187	0	0	0	0	187
Crewe Towns Fund - Repurposing Our High Streets	1,450	0	38	540	399	474	1,450	1,450	0	0	0	0	1,450
Crewe Towns Fund - Flag Lane Baths	2,800	0	306	2,494	0	0	2,800	2,800	0	0	0	0	2,800
Crewe Towns Fund - Mirion St	732	0	30	78	625	0	732	732	0	0	0	0	732
Crewe Towns Fund - Crewe Youth Zone non-grant costs	978	0	49	218	711	0	978	978	0	0	0	0	978
Crewe Towns Fund	14,074	0	0	2,784	7,388	3,901	14,074	14,074	0	0	0	0	14,074
Macclesfield Indoor Market Toilet Refurbishment	160	0	12	148	0	0	160	40	110	10	0	0	160
Estates													
Corporate Landlord - Land Acquisitions	1,336	0	0	1,336	0	0	1,336	0	0	0	0	1,336	1,336
Public Sector Decarbonisation - 3	5,213	0	3,930	1,283	0	0	5,213	3,714	0	0	0	1,499	5,213
Public Sector Decarbonisation Scheme - 3B	7,800	0	0	4,772	3,028	0	7,800	7,800	0	0	0	0	7,800
Housing													
Home Upgrade Grant Phase 2	6,210	0	0	3,105	3,105	0	6,210	6,210	0	0	0	0	6,210
Crewe Towns Fund - Warm and Healthy Homes	100	0	10	0	90	0	100	100	0	0	0	0	100
Social Housing Decarbonisation Fund	1,565	0	86	1,479	0	0	1,565	1,565	0	0	0	0	1,565
Total New Schemes	74,890	3	4,662	34,106	25,492	10,625	74,886	45,083	13,112	200	0	16,491	74,886
Total Economy and Growth Schemes	280,776	32,110	21,049	91,103	58,258	78,257	248,666	109,995	26,774	878	34,864	76,156	248,666

5. Reserves Strategy

Name of Reserve	Opening Balance 1 April 2022 £000	Movement in Reserves 2022/23 £000	Closing Balance 31 March 2023 £000	Notes
<u>Directorate</u>				
Place Directorate	1,684	38	1,722	To support a number of widespread projects within the Place Directorate.
Investment (Sustainability)	680	(32)	648	To support investment that can increase longer term financial independence and stability of the Council.
<u>Growth and Enterprise</u>				
Legal Proceedings	285	(57)	228	To enable legal proceedings on land and property matters.
Investment Portfolio	155	206	361	Total rent, fee costs and the amount the service are allowed to keep (£250k) all stay the same so anticipating a similar contributions to the reserve. Reserve being built up to be used in the future if the site is vacated. Current lease extends beyond 2026.
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.
Tatton Park Trading Reserve	111	(111)	0	Full drawdown of the reserve necessary to cover the adverse position for Tatton Park at the end of 2022/23.
Royal Arcade Crewe	99	(79)	20	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 maintenance costs for Crewe Bus station.
ECONOMY AND GROWTH TOTAL	3,144	(35)	3,109	

Annex 3 – Update on MTFS 2023-27 Approved Budget Policy Change Items

MTFS Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	RAG rating	Commentary
	Economy and Growth Committee	1.045**	2.145**	0.595	1.909		**Totals will not match to MTFS as Place Restructuring items all moved under E&G
64	Assets - Buildings and Operational	2.480	3.119	0.423	1.481		Growth identified for increases in costs for the operation of our building continues to be monitored.
65	Pay inflation	1.437	0.486	0.418	0.428		The total cost of pay inflation may exceed 5% based on national pay negotiations. This may be mitigated through management of vacancies.
66	Rates increase for Cheshire East properties	0.343	-	-	-		Budgets in place for increase in rateable values for Cheshire East council properties.
67	Rates increase from Collection Fund EMR	-0.343	-	-	-		Funding for increase in rateable values for Cheshire East properties is in place for 2023-24.
68	Office Estate Rationalisation	0.210	-0.550	-0.150	-		Proposals being developed for consideration by Committee.
69	Rural and Visitor Economy	0.165	0.045	-0.021	-		Provision of additional funding to manage increased costs of materials and staffing. This is expected to be on budget.
70	Cultural	0.072	0.020	0.089	-		Growth to support cultural framework required for regeneration projects across the borough and safeguarding museum collections. This is on track.
71	Housing	-	0.035	-	-		Growth identified for First Homes initiative in 24/25.
72	Assets - Transactions	0.023	-	-	-		Removal of prior year savings target offset by increased property disposals and proactive management lease renewals and rent reviews. On track for the end of the year.

Annex 3 – Update on MTFS 2023-27 Approved Budget Policy Change Items

MTFS Ref No	Detailed List of Proposed Budget Changes – Service Budgets	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	RAG rating	Commentary
73	Inflation in Utility costs and enhanced Carbon Management	-1.500	-	-	-		Removal of one-off budget for 2022-23.
74	Pension Costs Adjustment	-0.675	-0.157	-0.164	-		On track, subject to ongoing monitoring, dependent on in-year staffing costs.
75	Restructuring Potential	-1.009	-0.787	-	-		The total saving for the Directorate and the three Place committees is placed under Economy & Growth. Partial savings captured through vacancy management and capitalisation, with further saving opportunities being explored.
76	Investment in Public Rights of Way	-0.100*	-	-	-		Removal of one-off budget for 2022-23.
77	Tatton Park	-0.028	-0.046	-	-		Savings resulting from income and efficiencies generated through the investment programme in the facilities at Tatton Park.
78	Asset / Service Transfer	-0.020	-	-	-		Savings should be met by the end of the year.
79	Transfer of Congleton Visitor Information Centre	-0.010	-0.020	-	-		Savings on target, transfer is complete.

* Item represented a one-off spend in 2022/23. As it is not a permanent part of the budget, the value of the proposal is reversed in 2023/24

Economy and Growth Committee**11 July 2023****2022/2023 Annual Performance Review – Growth and Enterprise**

Report of: Peter Skates, Director Growth and Enterprise**Report Reference No: EG/06/23-24****Wards Affected: All Wards****Purpose of Report**

- 1 The purpose of the report is to provide the committee with oversight into the performance of the Growth & Enterprise Department during the past year 2022/23.

Executive Summary

- 2 This report gives an update on performance across Growth & Enterprise department for the year 2022-23.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Note the performance of the department during the year 2022/2023.

Background

- 3 Growth & Enterprise is responsible for the management of the Council's economic development, it's property portfolio and property disposal

programme, and ensures best use and value of the Council's assets while contributing to the strategic aims of the Council, and the Corporate Plan.

- 4 The Department seeks to work with local and national partners with the key function of the delivery and support of Housing and Economic Development, thereby generating growth within our communities, and the objective of creating town environments with a 'sense of place'.
- 5 Cheshire East benefits from an abundance of countryside and rural areas, and therefore it is important to develop strategies and action plans that will help support and sustain our cultural, rural and visitor economies going forward. Our environment, heritage, culture and visitor offer is an essential part of Cheshire East's character.
- 6 We continue to see some residual scarring and impact from the pandemic, but also the cost of living crisis, general inflation, and constriction inflation are factors that continue to have a strong impact on our recovering Towns and Business network. The Growth & Enterprise Department has again been heavily involved over the past year, and will seek to progress Growth Strategies, Recovery Plans and Actions to support all our communities.
- 7 The Cheshire East Council Corporate Plan 2021-25 sets out our vision for an open, fairer, greener Cheshire East with three broad aims to be an open and enabling organisation; a council which empowers and cares about people, and a thriving and sustainable place. The Growth & Enterprise department contributes to a number of the priorities under the aim of a thriving and sustainable place:
 - A great place for people to live, work and visit
 - Welcoming, safe and clean neighbourhoods
 - Thriving urban and Rural economies with opportunities for all
 - To be carbon neutral by 2025

8 Housing

Corporate Plan 2021-25: Key priorities	
A great place for people to live, work and visit	Enable access to well designed, affordable and safe homes for all our residents To reduce the number of long-term empty dwellings To make best use of our surplus buildings and assets to support the borough and our partners

Welcoming, safe and clean neighbourhoods	Crime and anti-social activity and anti-social behaviour to be reduced Victims of crime and exploitation to be supported effectively by the council and partners through collaboration
Thriving urban and rural economies with opportunities for all	Thriving and active rural communities
To be carbon neutral by 2025	To have delivered the milestones in becoming a carbon neutral council

Key Performance Indicators	2021/22 Outturn	Target 2022/3	Mid-year (2022/23)	2022/23 Outturn
Home adaptations for older and/or disabled residents	362	500	207	485
Increase the supply of new affordable housing	640	355	274	465
Maintain the number of long-term empty homes in Cheshire East to less than 1%	0.95%	<1%	End of year target	0.91%
Increase number of preventative and relief actions taken in order to reduce levels of homelessness in Cheshire East	1117	1000	680	1181
Households helped to achieve affordable warmth	691	500	289	532
Households are helped to improve their living conditions	386	200	187	214

- 9 Having met the challenges of the pandemic, we have been faced with the implications of an economic crisis, with the cost of living increasing significantly. Our focus for 2022/23 was to therefore continue to work hard to provide effective, customer focused frontline services to ensure that our residents were prevented from becoming homeless or were relieved from homelessness.
- 10 This has also included developing our services for rough sleepers and we have successfully secured further Rough Sleepers Initiative funding which has enabled us to secure 3 years funding to develop a multi-disciplinary team to support rough sleepers with complex needs.
- 11 In June 2022, the Housing Options Team achieved Domestic Abuse Housing Alliance (DAHA) accreditation, which is a scheme open to Housing Associations, Local Authority Housing Teams and

Homelessness Providers across the UK to help improve their response to domestic abuse.

- 12 To demonstrate their further commitment the Housing Options Team developed their Domestic Abuse Policy which clearly outlined the services survivors/victims of domestic abuse will receive from the Service. This was adopted by the Economy and Growth Committee in November 2022.
- 13 We continue to explore access into the private rented sector as a housing option for those facing homelessness and in November 2022, the Economy and Growth Committee approved the introduction of a pilot Private Landlord Offer scheme, which provides a package of incentives for Private Landlords who wish to offer their accommodation to the homeless.
- 14 The Housing Options Team continue to respond to Refugee Resettlement Programmes, seconding a dedicated Homechoice and Prevention Officer to work with the Communities Team to prevent homelessness.
- 15 We published our Unlawful Eviction and Harassment Policy to ensure tenants are aware of their legal rights and landlords are aware too. It also outlined the action the Council can take against landlords or agents who do not follow the law.
- 16 During last winter, we were provided with a top-up of £117,000 on our homelessness prevention grant to help ease the pressure on households' who have fallen into rent arrears as a result of financial pressures following the covid pandemic. The team mobilised very quickly to plan and budget how best to utilise the grant and were successful in allocating the entire grant budget the most vulnerable renters, who received financial assistance to reduce or clear their rent arrears.
- 17 Improving the energy efficiency of our homes and reducing fuel poverty is a priority within the Housing Strategy and we have applied for £6.21million of Round 2 Home Upgrade Grant funding to improve the energy efficiency of 300 off gas homes for the Cheshire East and Cheshire West and Chester which was successful. This follows on from the first round of Home Upgrade Grant funding, which delivered improvements for 41 off gas homes. This was below our target of 133 homes due to contractual issues in the delivery of the scheme.
- 18 We worked with our Registered Housing Providers to deliver energy efficiency improvements into 164 homes having successfully secured £1.5million Social Housing Decarbonisation Funding.

- 19 We completed the Green Homes Grant schemes this year, delivering 572 energy efficiency measures to 362 households.
- 20 We are continuing to experience issues with contractors and supply chains for materials, due to the challenging economic climate, which has impacted on our ability to undertake adaptation and home repair works as quickly as we would like. The team however undertook the required procurement to secure a new framework contractor and have worked to try and manage customer expectations.
- 21 We responded to the requirement to inspect all sponsors homes under the Homes for Ukraine scheme.
- 22 Ensuring we continue to increase the number of affordable homes across the authority is a priority set out within both the Corporate Plan, Local Plan and Housing Strategy. Following the establishment of the Council's Housing Development Framework, we are continuing to progress the mini competitions on identified Council owned land assets.
- 23 Providing a safe place to stay for the transient Gypsy and Traveller community and dealing effectively with unauthorised encampments, recognising the impact on our settled communities continues to be a priority, and we have moved a step closer with the completion of our preconstruction activity, including securing planning approval, Homes funding and following tendering we are about to move into the construction phase.

24 Estates

Corporate Plan 2021-25: Key priorities	
A financially sustainable council which has increased levels of reserves	<ul style="list-style-type: none"> The Facilities Management team implement a series of projects and measures to reduce the running cost of the CEC estate The Property Services and Farms teams have a Disposal Programme that aims to deliver capital receipts for the Council. The Property Services and Farms teams manage leases on behalf of the Council and has an annual income target that offsets some costs of the service. The Estates Service completes the implementation and development of its asset management system (Concerto) and corresponding service delivery process adjustments The Estates Service successfully implements a new asset management plan
To make best use of our surplus buildings and assets to support the borough and our partners	<ul style="list-style-type: none"> Review the community asset transfer policy and provide a clear framework to support effective transfer and further explore 'shared' use with our partners of town centre assets

	<ul style="list-style-type: none"> • Deliver Disposal Programme, support other Council initiatives, for example Housing Development Framework.
To have delivered the milestones in becoming a carbon neutral council	<ul style="list-style-type: none"> • Deliver actions in the Cheshire East Council Carbon Action Plan • Support where appropriate the Introduction of green vehicles across the fleet (including waste and highways) • Reduce use of Gas by decarbonising sources of heating for our buildings • Promote carbon neutrality and carbon zero development across Cheshire East, providing information, advice and guidance for householders and businesses to reduce their carbon use

- 25 Well reported complexities in global and domestic economies continue to generate uncertainties in the property market and supply chains, with construction cost inflation and interest rates continuing to be significant factors, although these are now better understood in comparison to previous years. Although impacted, the Estates service has continued to deliver in the reporting period.
- 26 The work to decarbonise buildings across the Estate has continued with projects completed within budget despite the challenging economic conditions in support of the Council's Carbon Neutral by 2025 policy. The team have continued to be successful in receiving Public Sector Decarbonisation Grants (PSDS 1, 2 and 3a) which have supported the continued installation of air source heat pumps. To ensure the electricity costs from the decarbonisation programme do not increase significantly other energy efficiency/generation measures have been implemented. To date the following have been installed:-
- 14 Air Source Heat Pumps
 - 19 PV Schemes
 - 12 LED Schemes
 - 7 Control Systems
- 27 A further grant has been awarded (PSDS 3b) which will see the installation of similar systems in schools in the coming year, together with schemes at Tatton Park, the Lyceum Theatre and Crewe Crematorium over the following two years.
- 28 The decarbonisation of buildings programme is anticipated to result in CO₂ savings of around 900 tonnes per annum following LED lighting upgrades, solar PV installations, Air Source Heat Pumps, and fabric measures. The total building mounted solar PV capacity is now at 1.6 MWp with a solar yield to reach around 1.3 GWh per annum.

- 29 The property services team have continued to deliver capital receipts in year, and this is set out in the table below. This work delivers capital receipts to the Council, simplifies the Council's land and property holdings and cost of operation.

- 30 As the property market continues to stabilise the Estates service has

Key Performance Indicators	2021/22 Outturn	2022/23 Outturn	2023/24 Target
Capital receipts across assets and farms disposals	£1,300,000	£2,823,500	£1,000,000

continued to carefully monitor tenants and their individual positions minimising the impact of lost rent for the Council. Introduction of revised agreements to enable easy in easy out terms for occupiers of business generation centres has also proved helpful. This work was delivered in partnership with the Council's Legal Services team.

- 31 The Capital Projects team have continued to deliver several property projects in the year, primarily school expansions, in Sandbach, Macclesfield and Crewe, also working alongside the Economic Development team to progress several of the Town centre projects within Crewe. The demolition phase of the Royal Arcade project has been completed and works commenced on the construction of the new multi-storey car park and bus station.
- 32 The Economy and Growth Committee has also considered the Council's Asset Management plan in year. This sets out the vision, core values and objectives for the use of the Council's land and property assets. The Council has a 'Corporate Landlord' model for the management and ownership of its land and property assets. This means that the responsibility for management and maintenance of assets is transferred from service directorates to the Corporate Landlord, which is a centralised function. This built on the work of the Council's previous plan, set in 2015, referencing where appropriate the plans, policies, strategies, procedures, and protocols that have been developed by the Council to ensure sound asset management and obtains its direction from the Council's Corporate Plan for 2021-2024. This work will be revisited to align it to the Council's future Corporate Plan for the period 2025 – 2030.
- 33 Work has begun to transition the Farms Team away from the shared service delivery model to a strategic partnership which will continue to provide services to both Cheshire East, and Cheshire West & Chester. The service continues to contribute to the disposals programme (see above) and progress the estate reorganisation as set out in the Farms

Strategy. The service has recorded a notable success with a Cheshire East tenant successfully competing and moving to take on a much larger Crown estate letting, releasing their Council holdings for reletting. The Farms team is contributing to the carbon agenda, managing land use to facilitate climate team initiatives, identifying sites for renewables and woodland creation, and continuing to develop letting arrangements that will require, but also assist and encourage tenant occupiers to play a positive role in managing climate change. The service is also preparing to bring forward initial work on Farms Strategy for the Economy and Growth Committee to consider in year.

- 34 The Service has made good progress towards optimising use of its property information system, Concerto. The Estates Service now handles all its enquiries, cases, and projects through the system, and allows its main contractor Equans access for maximised efficiency. In 2022/23 this amounted to over 6,000 land and property enquiries. Within the Facilities Management team 5,238 response maintenance issues were dealt with, along with 8,071 planned maintenance works and 205 projects.
- 35 A further 823 ownership enquiries were completed by Property Information, whilst the Property Services team have completed onboarding their 592 live cases on to the system. The system allows a detailed view of activity at any council owned or leased-in site by any team within the service, assisting their effective management. Concerto has also satisfied audit requirements by work flowing key legal transactions and ensuring that, moving forward, robust processes capturing all key documentation are in place.
- 36 Upon completion of a large document import, due imminently, the property portal will be enabled once again for staff and Members across the Council so they can self-serve access to core property data. Also being developed is the functionality within the system to update the asset data and condition whilst engineers are on site to enable a live register of our assets within our buildings.
- 37 The team are also progressing a number of complex projects designed to manage corporate risk the Council holds as a landowner. This includes challenging issues such as Poynton Pool, which has been recently reported to Committee.
- 38 Following the delivery of the Grant Thornton public interest report, a follow up audit of land and property transactions were undertaken by the Council's audit team. This builds on the work completed in previous years around assurance in this area. The outcome of this audit has been reported to the scrutiny committee in June 2023, with a finding of good.

The team has plans to progress assurance, as part of a continual improvement process in this area in the coming year.

39 Rural & Cultural Economy

Corporate Plan 2021-25: Key priorities	
A great place for people to live, work and visit	Continue to grow the Cheshire East visitor economy
Welcoming, safe and clean neighbourhoods	<p>Crime and anti-social activity and anti-social behaviour to be reduced</p> <p>To protect residents and improve our environment</p> <p>Improved green spaces for all. Enabling people to exercise and socialise in our parks and open spaces</p>
To reduce our impact on our environment	To improve biodiversity and natural habitats in the borough
A transport network that is safe and promotes active travel	More residents to use walking routes
Thriving urban and rural economies with opportunities for all	<p>Delivery of a strategic regeneration plan for Crewe</p> <p>Delivery of a strategic regeneration plan for Macclesfield</p> <p>Successful town centres in our other key towns</p> <p>Thriving and active rural communities</p>
To be carbon neutral by 2025	To have delivered the milestones in becoming a carbon neutral council

Key Performance Indicators	2020/21 Outturn	Mid-year (20/21)	Mid-year (21/22)	Target 2021/22
Ease of use of Public Rights of Way network <small>(due to effect of Covid, a proxy source of data has been used which calls upon a greater percentage survey than the previous method although not random in geography across the borough)</small>	94%	n/a	n/a	85%
Audience figures for Lyceum Theatre	39,881	0	41,962	75,000
Tatton Park visitor numbers	615,000	410,000	405,000	700,000
Tatton Park net budget	£633,371	£743,914	£903,781	£849,781

Value of the Visitor economy (annual retrospective STEAM measure)	£735m	n/a	n/a	2022 annual figure due Sept 2023
% Carbon emissions being offset by the Council	40.5%	n/a	na	65%

- 40 The Rural and Cultural Economy Service seeks to grow the contribution of countryside, cultural and visitor economy assets or opportunities to the Cheshire East economy helping it to be a thriving and sustainable place. The Service recognises the importance of our environment, heritage, culture and visitor offer to the area's character, economy, quality of place and wellbeing.
- 41 The Public Rights of Way (PROW) team has once again delivered a very high standard of service to the public despite the high demands and some capacity issues. The Public Rights of Way Sub-Committee has oversight of this statutory service.
- 42 In 2022-23, the PROW team responded to more than 348 new issue reports about path furniture, signposting, surface and bridges, replacing and repairing where necessary and resolving over 292 issues through work allocated to contractors or completed by landowners. This work has involved nearly 450 items of path furniture being installed, plus projects completed in partnership with local user groups. Whilst public expectations of the standard of the network remain high, user group volunteer surveys (with thanks to the East Cheshire Ramblers and the Peak and Northern Footpaths Society) have returned a result of 94% of the network being classed as good/acceptable. Officer vacancies on network
- 43 The Countryside Ranger Service works closely with the PROW team to improve access to the wider countryside, with the teams often working together on safety and practical tasks. The Service was supported by volunteers who gave 1034 volunteer day to help maintain the country parks and trails.
- 44 The Countryside Ranger Service is responsible for Cheshire East Councils Country Parks, Nature Reserves and Linear Trails, which together attract over 1,000,000 visits each year. The level of satisfaction with the quality of our countryside facilities and events remains consistently high.
- 45 In 2022/23, the Ranger Service received Green Flag awards at Teggs Nose Country Park, Brereton Heath Local Nature Reserve and Riverside Park. This is a first time for Macclesfield Riverside Park local nature reserve in the Bollin Valley, where former farmland has been transformed

into wildflower rich grassland. From spring through to autumn, the Bollin Valley's rare breed of Longhorn cattle graze here.

- 46 The Visitor Economy team supports an important sector for Cheshire East that because of the pandemic fell in economic value from nearly £1bn in 2019 to £548m in 2020. The data is always retrospective and 2021 shows some recovery in the sector with it growing again to £735m. However, it should be noted that the cost of living is impacting across the country on both visitor numbers and visitor spend in 2022 and it is expected that progress will slow down.
- 47 The Visitor Economy team has worked with Marketing Cheshire on promotional campaigns to position Cheshire as a Family Destination and is supporting a 'Destination Cheshire' network of non-Chester based tourism businesses and attractions. This ensures communication of best-practice, coordination of marketing activity, peer support and provides an ability to consult businesses directly on strategy going forward.
- 48 Since the pandemic, hospitality businesses have had real issues around recruitment, to the point where this is hampering their ability to trade in a way that ensures their survival. The Visitor Economy team have been working in partnership with DWP & Cheshire College to develop a bespoke approach to the significant issues of recruitment, retention, and skills since 2021 and this is starting to see results, giving some local people new career opportunities and helping local businesses access potential employees to cover their vacancies. The project is fully funded through a partnership with Job Centre Plus & Cheshire College.
- 49 The new Cheshire East Visitor Economy Strategy was approved by Council in January 2023 and has an objective to reach an economic value of £1bn by 2028.
- 50 Regarding Cultural economy, the bid to the National Lottery Heritage Fund (NLHF) for a the 'Archives - A Story Shared' programme, including building of a new History Centre in Crewe, was successful in achieving £4.9 million with all funding now secured. Planning permission for sites in Crewe and Chester was secured in March 2023. The programme is continuing to progress on time and to budget.
- 51 Following a period of public consultation, final designs for the 'Heritage Wall' were agreed and work will continue in line with the Capital build timeline for Royal Arcade.
- 52 The Lyceum Theatre, after a difficult post-covid period achieved an audience of 82,1213 which is an improvement on the target and moving towards pre-covid levels.

- 53 Following the successful commissioning of a mural of Ian Curtis in Macclesfield, the Cultural Economy Team were able to commission a further mural to adorn one of the lift shafts at Macclesfield station. Funded by Avanti, supported by Network Rail, commissioned and produced by CEC, the mural by Peachzz depicted Swifts by Charles Tunnicliffe, a reputed wildlife artist born in 1901 in Langley, Macclesfield. Both murals have been attracting a lot of attention for the town and generating a significant amount of positive social media for Macclesfield and Cheshire East.
- 54 A Cultural Education Partnership (LCEP) has been established for Crewe and surrounding areas. This brings together 20 schools and educational organisations with cultural organisations to improve cultural experiences and opportunities for children and young people.
- 55 Conservation work has been undertaken on items of West Park Museum collection including the well-loved panda. The panda has been returned to Macclesfield alongside updated interpretation and educational programmes.
- 56 The Council's Cultural Framework and Cultural Priorities have been refreshed to cover the period from 2023 – 2028. The framework was approved by the Economy and Growth Committee in March 2023 and is now operational. It is now available on the Council's website at [Arts and culture support \(cheshireeast.gov.uk\)](https://www.cheshireeast.gov.uk/arts-and-culture-support).
- 57 Tatton Park, which received 'Green flag' and 'Green Heritage site' awards and won Marketing Cheshire's 'Business Events Venue of the Year' award this year, continues to be a key driver of the borough's visitor economy, and an important environmental and community resource. The 2022/23 season provided a period of consolidation, following the impacts of the covid pandemic, with an emphasis on the core offer to regain and maintain Tatton's market position. However, the changing macro environment had an effect on recovery. The increases in cost of living, cost inflation, the attraction of holidays abroad, general recruitment challenges and skills shortages all impacted the season, with reductions of up to 20% on visitor numbers and visitor spend being experienced across the visitor attraction sector.
- 58 Measures have been taken to stimulate demand, including re-introducing the traditional Christmas Mansion experience, following a break of two years due to covid. Initiatives aimed at the family market have also continued, and this along with flexible ticket pricing for peak and off-peak periods, online admission discounts and targeted promotional incentives have all helped to attract audiences to the different attractions. Catering and retail have also improved at weekends, while park entries are not too far off target.

- 59 Events are an important area of activity to Tatton's finances, and despite the loss of a few events from the calendar due to pandemic impacts, Tatton was able to host much of its usual programme, including the RHS Flower show which welcomed nearly 64,000 visitors in July 2022. Tatton, along with partners including CEC's digital arts programme was successful in attracting grant funding this year to progress the digital element of the Canaletto exhibition planned for 2025.
- 60 Tatton has launched a new website for the Tatton Park Charitable Trust this year, with functionality to receive online donations, including gift aid for the first time. The Farm's Animal Adoption scheme has also been relaunched and featured on this website, creating a future income stream for conservation, restoration and education projects.
- 61 The Rural and Cultural Economy service is also leading the Natural Capital workstream (including nature-based offsetting) as part of the Council's Carbon Action Plan. The programme, which includes tree planting and peatland restoration, has continued as part of its Carbon Action Plan commitments to help be carbon neutral by 2025. The programme has been developed in partnership with Mersey Forest and in collaboration with Cheshire Wildlife Trust. It has included new planting in parks and open spaces, at Tatton Park and in Countryside sites, while work on a pipeline of further sites has been developed
- 62 Members of the team are also developing a catchment-wide approach to the Bollin Valley with a range of partners as well as developing proposals to improve the Crewe Valley Brook corridor and supporting the Local Nature Partnership.

63 Economic Development

Corporate Plan 2021-25: Key priorities	
Priority: Thriving urban and rural economies with opportunities for all	Delivery of a strategic regeneration plan for Crewe Delivery of a strategic regeneration plan for Macclesfield Successful town centres in our other key towns Maximise the commercial and regeneration opportunities associated with HS2 for the whole borough Thriving and active rural communities
Priority: To be carbon neutral by 2025	To have delivered the milestones in becoming a carbon neutral council

- 64 The Economic Development service comprises three main teams the Regeneration and Development team, the Business Support team and the Projects team – focused on carbon reduction/energy and digital connectivity – all three have continued to be incredibly busy this financial year.
- 65 The Corporate Plan specifically identifies activity in Crewe and Macclesfield as the borough's largest towns as key objectives, and both are at exciting stages of development having established regeneration frameworks and significant funding streams secured. The Regeneration and Development team deliver this activity.
- 66 During the past year committee, members received an extensive report in November 2022 and considered the progress that has been made in the regeneration of Crewe. This report provided an update on the £14.1m Future High Street Fund programme and the £23.1m Towns Fund Programme.
- 67 Challenging times exist in the regeneration and property sectors, and the team responsible for delivering and overseeing the regeneration of Crewe town centre are continuing to progress all projects despite the significant and persistent cost inflation in the construction sector which represents a major risk to all capital projects.
- 68 Ten projects under the Future High Street Fund have already been mobilised while the ten projects under the Towns Fund have addressed funding conditions to advance and in October were submitted to the next key government gateway. The development of detailed business cases using HM Treasury's five case business case model have been successfully completed and all were signed off by the Government in September 2022
- 69 Responding to the cost inflation pressures the Town Board and this Committee made the decision in November 2022, to withdraw the Lyceum Powerhouse project from the Towns Fund programme, and obtained the approval from the Government to reallocate the remaining unspent grant relating to this project against the other Towns Fund projects/activities that are experiencing cost pressures as a result of construction cost inflation.
- 70 The Economic Development Team working in conjunction with the Culture Team, successfully submitted two planning applications in November 2022, associated with the new History centre. Namely, the Dismantling of old library and development of a new court entrance, car park and enhanced public realm, and the Construction of History Centre. Both projects utilise a cocktail of funding including Towns Fund, Future High St Fund, National Heritage Lottery Fund and council funding. Both

applications received planning consents, enabling the projects to proceed.

- 71 The Accelerated Towns Fund project utilizing £0.75m government grant has been used to develop designs and costings for Ly2 project and a planning permission has been granted and contracts were signed with the construction contractor in October 2022. Work has now been completed on the former carpark to develop an outdoor entertainment space, with stage, digital screen and new artworks . The first events are scheduled for the end of June 2023
- 72 During the year 2022-23, Royal Arcade Phase 1 has progressed to the timetable confirmed in spring 2022, with the new permanent bus station is expected to be operational in early 2024. During the same period work commenced on the new multi-storey car park and was on track to be completed in the same period. However, this time table is currently under review following a recent incident on site.
- 73 The newly refurbished Market Hall continues to operate successfully. Opened in May 2021 and the data continues to show that it is becoming an anchor retail, leisure, and entertainment venue in the town.
- 74 Macclesfield regeneration activity has been limited in scale over the last year due to lack of availability of capital funding.
- 75 Whilst a considerable amount of resource went into developing a second round Levelling Up Fund bid, seeking circa £7,8M for investment in the town centre public realm, in January 2023 the Council heard this had been unsuccessful.
- 76 Officers have reviewed the statistics released on bids submitted and those which were successful. 529 bids were submitted in the second round of the fund of which 21% were successful (111). It is important to note that Cheshire East is classified as a category 3 area, deemed to be the least priority category for the Levelling Up Fund. Analysis of the data suggests that of the 111 successful bids, only around 4 were in category 3 areas in England, Wales or Scotland. This highlights the very real challenge of securing central funding for areas such as Macclesfield.
- 77 A £50,000 fund secured from Avanti towards the Treacle TART (Treacle Town Art Trail) project, have been spent over the year to April 2023 with significant visual impact and extremely positive community response. With CEC contributions in the form of officer time from Cultural Economy and Economic Development, the money has been used to fund an impactful mural at Macclesfield Train Station, and a series of additional artworks along Sunderland Street. This project highlights the potential to secure impactful works at a relatively low cost.

- 78 Acknowledging the issue of lack of funding, work in Macclesfield has focused on progressing lower cost feasibility work investigating options to improve the indoor market and unlock development opportunity sites, and on addressing the locally important issue of the loss of central publicly available toilets with the closure of Marks and Spencer. Officers continue to work collaboratively with Macclesfield Town Council on joint priorities and a collaborative effort has secured a solution for replacement toilets, principally financed via a significant contribution from the Town Council and utilising a CEC asset.
- 79 In terms of town centre vitality, the loss of Marks and Spencer to the town centre is a significant concern but the property has been purchased by a third party with plans to remodel in flight. The impacts of the opening of the Barracks Mill out of town retail park in late 2022 are being monitored. Data shows that Macclesfield has not yet recovered to pre- pandemic footfall levels with annual footfall in 2022 being -8.7% on 2019 figures.
- 80 Our Market towns - The Regeneration and Development team also focus on maximising the vitality of our other nine towns (listed below), addressing another of the key priorities in the corporate plan. Comparing annual footfall data for the 22-23 financial year to pre-covid year data (4 year change) reveals significant variations in footfall recovery across centres, with Handforth and Middlewich showing very significant higher footfall levels than pre-covid, Crewe, Nantwich and Sandbach also with higher footfall levels, Poynton and Congleton with footfall having returned to pre-covid levels but Macclesfield, Wilmslow, Knutsford and Alsager all having reduced footfall when compared to the pre-covid position.

Year	2022-23 Visits	4 Year Change
Alsager	4,771,202	-8%
Congleton	11,782,037	0%
Crewe	18,564,597	+10%
Handforth	5,987,747	+51%
Knutsford	11,949,548	-1%
Macclesfield	19,674,547	-9%
Middlewich	5,172,344	+27%
Nantwich	8,005,644	+8%
Poynton	5,861,583	0%
Sandbach	10,288,228	+13%
Wilmslow	14,127,133	-11%

- 81 In 2022 Town Centre Vitality Reports were finalised for these nine key service centres. These plans identify key opportunities to support town centre vitality in these centres as and when funding can be secured.

Opportunities are wide ranging and do not necessarily require significant capital funding. Many opportunities can be potentially taken forward by Town Councils or other bodies, such as the new Wilmslow Business Improvement District Body, established in November 2022, and now raising funding via a new BID levy from Wilmslow Town Centre businesses.

- 82 Over 22-23 the Regeneration and Development team has also taken a lead in driving forward the UK Shared Prosperity Funding programme. The Council has been successful in gaining approval of the necessary UKSPF Investment Plans and has been allocated almost £14M UKSPF funds across the three financial years 22-23, 23-24 and 24-25. This total figure comprises c£11.8M from the core UKSPF, c£1.5M for Multiply (Adult numeracy) and c£0.8M UKSPF Rural Funding.
- 83 The £1,406,039 core UKSPF allocation for 22-23 was not received until February 2023. Despite this, the Council managed to spend £676,789 by end March 2023 on a range of projects including Ly2, active travel schemes, establishing a business support hub and providing community grants. Given the lateness in agreeing 22-23 allocations, DLUHC are expected to agree to unspent core UKSPF allocations from the first year of UKSPF to be added to 23-24 allocations.
- 84 At the time of writing this report, confirmation on this point is still awaited. A call-out for further project ideas is now in the pipeline to enable a full programme of works to be UKSPF funded projects to be developed. The final programme will be agreed using delegated authorities as soon as soon as practicable in the coming weeks.
- 85 The Regeneration and Development team is also responsible for delivering three major housing schemes (known as the 'Strategic Sites'), combining land owned by the council with other landowners' sites to provide development of significant scale. This includes a potential 1675 dwellings at Garden Village, Handforth, 1000 dwellings at Leighton, Crewe and 950 in South Macclesfield.
- 86 At Leighton Green, the road infrastructure is now under construction and progressing well. On completion this will unlock land parcels and enable a delivery strategy to be finalised. Planning for the Council's development land was approved in Spring/Summer 2021.
- 87 At Handforth Garden Village the hybrid planning application was approved in January 2023 subject to a comprehensive list of conditions. This Committee then considered a report on the scheme in February 2023, and resolved to note progress to date. A number of comprehensive reports will be presented to committee in 2023/2024. Positive dialogue with stakeholders and other landowners continues.

- 88 Great British Rail HQ at Crewe: The Business and Growth Team led on and developed the inward investment proposal for locating Great British Rail HQ in Crewe. GB Rail is the planned state-owned public body that will oversee rail transportation in Great Britain from 2024.
- 89 Forty-two towns submitted expressions of interest and Crewe was shortlisted alongside five other railway towns and cities for the public vote and final ministerial selection.
- 90 As part of this process the team also organised and hosted a ministerial visit from the Rail Minister.
- 91 There were four key stages in the process:
- Stage 1 Deadline for expression of interests from potential bidders put in by March 16.
 - Stage 2 Shortlists announced in May.
 - Stage 3 Following shortlisting, ministers will visit the shortlisted towns and a public vote will be held.
 - Stage 4 The location for the new HQ will be announced
- 92 In March 2023, the Government finally announced a decision on the location, and unfortunately Crewe was unsuccessful in its bid, with Derby being identified as the successful location. Feedback on Crewe's bid was very positive , and Crewe had the third highest total of public votes cast in the competition , and the highest per capita of the population of the shortlisted towns involved.
- 93 The Economic Development Team, at short notice submitted bids for Investment Zones, on the 9 October 2022. The team led on and submitted business cases for six investment zones in-line with the Government's growth priorities set out in the mini-budget dated 23 September 2022. The development of these proposals was an intensive two-week process to provide detailed economic analysis for each zone. All six were submitted by the 12 noon deadline on the 7 October 2022.
- 94 Subsequently, in the Autumn Statement on the 17 November 2022 the Chancellor announced a change of approach and that expressions of interest would not now be taken forward. The government announced it will now use this investment zone programme to catalyse a limited number of the highest potential knowledge-intensive growth clusters, including through leveraging local research strengths.
- 95 The Cheshire East Council's Connecting Cheshire initiative 'Digital Cheshire' has enabled an additional 3,000 full fibre connections across the Cheshire. The initiative - in partnership with broadband provider Airband – allows additional properties which were once deemed unviable,

to connect to commercial providers and access ultrafast broadband speeds.

- 96 Digital Cheshire is already seeing residents and businesses benefiting from the newly-installed ultrafast broadband across Cheshire, as broadband speeds and bandwidth demands continue to increase. Malpas, Hampton Heath, Wrenbury and Ridley are just some of the towns and villages to benefit from the full fibre technology.
- 97 In March 2023, Committee considered a report on progress within digital connectivity in the Cheshire sub-region and approved the Connecting Cheshire Digital Investment Plan. This plan is important as it shapes the future Digital Support and take-up activities, responds to changes in the wider market and identifies the strategic areas of delivery for the broader sub-regional level Cheshire environment.

Consultation and Engagement

- 98 This report is an update report on performance and therefore does not require further consultation.

Reasons for Recommendations

- 99 The Economy & Growth Committee is responsible for reviewing and scrutinising the performance of the Growth & Enterprise department.

Other Options Considered

- 100 This an update report for committee on performance during the year

Option	Impact	Risk
Do Nothing	Committee would not be aware of the performance of the Growth & Enterprise Department	Lack of Scrutiny and understanding of the department's performance.

Implications and Comments

Monitoring Officer/Legal

- 101 As a performance report there are no direct legal implications

Section 151 Officer/Finance

102 As a performance report there are no direct finance implications

Policy

103 As a performance report there are no direct policy implications

Equality, Diversity and Inclusion

104 As a performance report there are no direct equality implications

Human Resources

105 As a performance report there are no direct human resources implications

Risk Management

106 As a performance report there are no direct risk management implications

Rural Communities

107 As a performance report 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)

108 As a performance report there are no direct implications

Public Health

109 As a performance report there are no direct public health implications.

Climate Change

110 As a performance report there are no direct climate implications

Access to Information	
Contact Officer:	<p>Peter Skates</p> <p>Director of Growth & Enterprise (Acting Executive Director – Place)</p> <p>Peter.skates@cheshireeast.gov.uk</p>
Appendices:	
Background Papers:	

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Economy and Growth Committee Work Programme 2023-24

A Title in Bold indicates that this is a significant decision.

Report Reference	Committee Date	Title	Purpose of Report	Lead Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment	Corporate Plan Priority	Part of Budget and Policy Framework	Exempt Item and Paragraph Number
EG/07/23-24	12/09/2023	First Financial Review of 2023/24	To note and comment on the First Financial Review and Performance position of 2023/24, including progress on policy proposals and material variances from the MTFS and (if necessary) approve Supplementary Estimates and Virements.	Director of Finance and Customer Services (S151 Officer)	No	No	Open	Yes	No
EG/27/22-23	14/11/2023	Housing Strategy 2023-2026	Approval is sought to go out to consultation on the draft Housing Strategy 2023-2026.	Head of Housing	TBC	TBC	Green	TBC	TBC
EG/09/23-24	14/11/2023	Second Financial Review of 2023/24	To note and comment on the Second Financial Review and Performance position of 2023/24 and approve Supplementary Estimates and Virements.	Director of Finance and Customer Services (S151 Officer)	No	No	Open	Yes	No
EG/11/23-24	14/11/2023	Medium Term Financial Strategy Consultation 2024/25 - 2027/28	To respond to the budget consultation.	Director of Finance and Customer Services (S151 Officer)	Yes	No	Open	Yes	No

EG/10/23-24	16/01/2024	Third Financial Review of 2023/24	To note and comment on the Third Financial Review and Performance position of 2023/24 and approve Supplementary Estimates and Virements.	Director of Finance and Customer Services (S151 Officer)	No	No	Open	Yes	No
EG/12/23-24	16/01/2024	Medium Term Financial Strategy Consultation 2024/25 - 2027/28 Provisional Settlement Update	To respond to the budget consultation.	Director of Finance and Customer Services (S151 Officer)	Yes	No	Open	Yes	No

Economy and Growth Committee

11 July 2023

Housing Development – Framework, Funding and Delivery Routes Update

Report of: Peter Skates – Acting Executive Director Place

Report Reference No: EG/05/23- 24

Ward(s) Affected: All Wards

Purpose of Report

- 1 In May 2020 Cheshire East Members approved the procurement and establishment of a Housing Development Framework, the main aim of which was to utilise appropriate Council owned land assets to bring forward the development of Council-influenced residential opportunities by the organisations admitted to the framework.
- 2 Following the establishment of the framework, in July 2021 the Economy and Growth Committee supported a number of Council owned land assets to progress through the framework's mini-competition procedure.
- 3 This report provides an update on the progress of the Housing Development Framework and also seeks delegated authority to determine and pursue delivery options for Council-influenced housing development in the Borough and to reallocate Future High Street funding that is currently allocated to a proposed housing development site.
- 4 The development of Council-influenced residential housing provides an opportunity to support the priorities of the Corporate Plan as follows:
 - (a) **Open** - The selection of organisations to work with the Council will be made following robust and transparent processes.
 - (b) **Fair** - The proposals provide the Council with an opportunity to influence the type of development to meet housing need, especially in relation to increasing affordable housing and specialist housing provision.

- (c) **Green** - We will help deliver homes which are well designed, affordable and safe, contributing to the environmental, social and economic wellbeing of the Borough.

Executive Summary

5 This report:

- (a) provides an update on progress of the Housing Development Framework, part of which is contained within the appendix, which is a Part Two element due to commercial sensitivity.
- (b) seeks delegated authority to determine and pursue delivery options for housing development in the Borough; and
- (c) seeks delegated authority to reallocate Future High Street funding.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Note the contents of this report.
2. Delegate authority to the Director of Enterprise and Growth to ;
 - (a) determine and pursue the most appropriate delivery route for each Council owned site identified and appropriated for Council-influenced housing development (including but not limited to use of the Housing Development Framework, open market procurement, land deal or joint venture) and, subject to obtaining disposal approval in accordance with the decision making processes for land and property disposals as set out in the Constitution, enter into all necessary legal agreements to enable the site to be developed accordingly;
 - (b) remove individual sites from the Housing Development Framework process should they no longer be identified and appropriated as Council owned sites for Council-influenced housing development.
 - (c) manage the Housing Development Framework and, if necessary, remove any admitted organisations found not to be meeting the terms of admission onto the framework.
3. Subject to approval by the Government's Department for Levelling Up, Housing & Communities (DLUHC), delegates authority to the Executive Director Place in consultation with the Director for Finance & Customer Services to approve the reallocation of up to £2,836,646 Crewe the

Future High Street Fund (FHSF) grant earmarked for the In Town Living project to other projects in the FHSF programme, and authorise the use of this funding to continue implementation of projects previously identified in the report to Cabinet 10th November 2020.

Background

- 6 In May 2020, the former Cabinet received a report outlining the options to bring forward residential opportunities on Council owned land assets. The former Cabinet reviewed the options and approved the establishment of a Housing Development Framework as the mechanism to procure the development of mixed tenure housing to meet identified housing needs.
- 7 On 15th July 2021, Members of the Economy and Growth Committee received a report, advising them of the progress which had been made in the establishment of a Housing Development Framework.
- 8 Members resolved that the:
 - progress which has been made in relation to the procurement of the Housing Development Framework be noted.
 - disposal route of the former Vernon Infant School, Poynton be approved through the Housing Development Framework; and
 - the final decisions relating to the disposal of these sites be undertaken in line with decision making processes for land and property disposals as outlined in the constitution be noted.
- 9 In March 2022 the Economy and Growth Committee received a further update report, advising them on progress of the sites which they had previously supported for disposal through the Housing Development Framework.
- 10 The appendix (in Part 2 under commercial sensitivity) provides further detail on individual sites and providing members with the background required to consider the recommendations.

Consultation and Engagement

- 11 No consultation or public engagement is required for the disposal of Council owned land assets unless there is public open space and then consultation is required. Land assets are disposed of in line with the approved Cheshire East Constitution.

- 12 Consultation is required through the planning process and residents will have the opportunity to express their views on schemes which progress to this stage through the Framework and Open tender.
- 13 Approval to reallocate funding within the Future High Streets Fund (FHSF) programme, is subject to engagement and approval by DLUHC through a Project Adjustment Request process.

Reasons for Recommendations

- 14 These are outlined within the appendix of this report, which is a part two element due to commercial sensitivity.

Other Options Considered

- 15 Several alternative options have been considered which are outlined in the appendix, which is a part two element due to commercial sensitivity:

Implications and Comments

Monitoring Officer/Legal

- 16 The development of Council-influenced housing is a complex area with a number of legally permissible delivery routes such as the Council's Housing Development Framework, open market procurements or land deals. The Service will require ongoing support from Legal throughout the various projects and will need to consider advice on a wide range of legal issues (e.g., procurement rules, subsidy control, best consideration, open space advertisement).
- 17 The starting position in relation to a disposal of Council owned land under section 123 of the Local Government Act 1972, is that a local authority can dispose of land but must achieve best consideration i.e., achieve the best price for the disposal however, the council is able to dispose of land at less than best consideration if the environmental, economic and social well-being of the residents in the local area is improved as a consequence subject to the undervalue being no more than £2million. In this case an open market sale is envisaged that complies with the Councils housing aims.
- 18 The Councils social and wellbeing aims of achieving the development of Affordable Housing for some of these sites and for the provision of assisted care on others will be pursued and required in the specifications and conditions in the tender documentation. The build out will be in accordance with an acceptable planning permission and the council's design and completion requirements will be sought through a Development Agreement. At this stage it is envisaged the sale will be by way of a transfer of the freehold subject to any planning restrictions and covenants that may be placed upon the title to the land.

Section 151 Officer/Finance

- 19 The Housing Development Framework has potential to impact on the Medium-Term Financial Strategy (MTFS). This could include a reduction in holding costs for sites currently owned by the council, a streamlining of costs for care services, as well as providing income from the council's land assets. If adjustments are required or anticipated to the MTFS, these will be implemented at the appropriate time.
- 20 The Council are administering the Future High Street Funding for In Town living which equates to £2.8million. Approval is being sought to reallocate this funding.
- 21 If DLUHC do not approve the changes requested, then officers would need to review projects urgently, either to rescope or to stop projects, where there is a risk that the Council will be exposed to additional costs associated with their delivery without the changes proposed. There is currently no provision within the existing MTFS to cover any additional costs.

Policy

- 22 The delivery of affordable housing is a priority set out within the 2018-2023 Housing Strategy. Affordable housing in Cheshire East plays a fundamental role in realising the ambition to deliver jobs-led growth and sustainable vibrant communities. Through the Housing Development Framework, we are aiming to deliver more affordable housing.
- 23 The Housing Development Framework contributes towards the Corporate Plan ambitions:

An open and enabling organisation	A council which empowers and cares about people	A thriving and sustainable place
<p>Look at opportunities to bring more income into the borough.</p>	<p>Vulnerable and older people live safely and maintain independence within the community – work with partners to develop appropriate accommodation and extra care housing models.</p>	<p>Enable access to well designed, affordable and safe homes for all residents – deliver housing to meet the needs of all residents</p> <p>Making best use of our surplus building and assets to support the borough and our partners</p> <p>Delivery of a strategic regeneration plan for Crewe – Town Centre Housing</p>

Equality, Diversity and Inclusion

- 24 An Equality Impact Assessment is not required for this stage of the process.

Human Resources

- 25 The Housing Development Framework mini competition process requires the collaboration of Procurement, legal, finance, Estates and Housing. A Project Team has been established to work on the procurement of these sites.

Risk Management

- 26 Failure to procure works in accordance with the Public Contracts Regulations 2015 and the Council's Finance and Contract Procedure Rules would leave the Council open to challenge and in breach of regulations, with a subsequent reputational impact.

Rural Communities

- 27 One of the sites identified for disposal through the Housing Development Framework is within a rural location and will provide much needed affordable housing in a high value area, providing an opportunity for those with a local connection to continue to reside in the area.

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

- 28 Poor housing can have a negative impact on our children's wellbeing. Increasing affordable housing provision will ensure that families have access to appropriate housing options and reduces the risk of having to reside in temporary accommodation.

Public Health

- 29 Providing decent living accommodation will benefit some of our vulnerable residents' mental and physical wellbeing and reduce demand on health and social care services, therefore there would be a positive impact on health and wellbeing of Cheshire East residents.

Climate Change

- 31 The Council has committed to becoming carbon neutral by 2045 and to encourage all businesses, residents and organisations in Cheshire East to reduce their carbon footprint. Building sustainability is a consideration in the specification and design of the homes, ensuring that every opportunity to reduce building operating costs are evaluated in order to tackle fuel poverty and tackle climate change.

Access to Information	
Contact Officer:	Karen Carsberg Karen.carsberg@cheshireeast.gov.uk
Appendices:	Appendix – Part 2
Background Papers:	N/A

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