



# Financial Review 2022/23

November 2022

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:**

**[shapingourservices@cheshireeast.gov.uk](mailto:shapingourservices@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 is resulting in forecast outturn of £340.0m against a net revenue budget of £328.4m, with the most significant impact within the rising complexity of needs in Adult Social Care.

When the 2022/23 budget was set, in February 2022, it was highlighted that the use of reserves was not sustainable in the medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. The forecasts at first review highlight pressures due to demand, inflation and pay negotiations. These will almost certainly affect the medium term finances of the Council. This situation must be addressed now and as part of the MTFS process for 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)

# Contents

Introduction	1
2022/23 Revenue Forecast	3
Financial Stability	
- Introduction	4
- Service Performance	4
- Central Budgets	5
Appendices	
Appendix 1 – Adults and Health Committee	9
Appendix 2 – Children and Families Committee	19
Appendix 3 – Corporate Policy Committee	40
Appendix 4 – Economy and Growth	55
Appendix 5 – Environment and Communities Committee	66
Appendix 6 – Finance Sub-Committee	80
Appendix 7 – Highways and Transport Committee	106
Appendix 8 – Update to the Treasury Management Strategy	118
Appendix 9 – Update to the Investment Strategy	132

## 2022/23 Outturn Forecast - Financial Position

2022/23	Revised Budget	Forecast Outturn	Forecast Variance	For further information please see the following sections
(GROSS Revenue Budget £474.2m)	(NET) £m	£m	£m	
SERVICE DIRECTORATES				
Adult, Health and Integration	120.9	132.6	11.7	Appendix 1 Section 2
Children's Services	74.5	78.0	3.5	Appendix 2 Section 2
Place	81.7	84.3	2.6	Appendix 4, 5 & 7 Section 2
Corporate Services	39.8	40.6	0.8	Appendix 3 Section 2
CENTRAL BUDGETS				
Capital Financing	18.9	18.9	-	Appendix 6 Section 5
Transfer to/(from) Earmarked Reserves	(2.7)	(8.7)	(6.0)	Appendix 6 Section 6
Corporate Contributions / Central Budgets	(4.7)	(5.7)	(1.0)	Appendix 6 Section 2
<b>TOTAL NET EXPENDITURE</b>	<b>328.4</b>	<b>340.0</b>	<b>11.6</b>	
Business Rates Retention Scheme	(49.1)	(49.1)	-	Section 1 - Paragraphs 19-22
Specific Grants	(24.6)	(24.6)	-	Appendix 6 Section 3
Council Tax	(254.7)	(254.7)	-	Section 1 - Paragraphs 8-18
<b>Net Funding</b>	<b>(328.4)</b>	<b>(328.4)</b>	<b>-</b>	
<b>NET (SURPLUS) / DEFICIT</b>	<b>-</b>	<b>11.6</b>	<b>11.6</b>	

# 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. **Table 1** provides a service summary of financial performance. The current forecast is that services will be £18.6m over budget in the current year. The Action Plans provide further details and changes to service net budgets since the Medium-Term Financial Strategy are analysed in the **Appendices 1-7**.
4. Further items impacting on the level of the Council's balances are detailed in **Table 2** below on Central Budgets and Funding.

**Table 1 - Service Revenue Outturn Forecasts**

2022/23	Revised Budget	Forecast Outturn	Forecast Variance	FOR INFO COVID Costs Included in Totals
(GROSS Revenue Budget £474.2m)	(NET)			
	£m	£m	£m	£m
SERVICE DIRECTORATES				
Adult Social Care - Operations	117.5	128.5	11.0	4.9
Commissioning	3.4	4.1	0.7	-
Public Health	-	-	-	-
Adult, Health and Integration	120.9	132.6	11.7	4.9
Directorate	1.0	0.9	(0.1)	-
Children's Social Care	46.6	48.5	1.9	0.1
Strong Start, Family Help and Integration	8.3	8.3	-	0.1
Education & 14-19 Skills	18.6	20.3	1.7	0.5
Children's Services	74.5	78.0	3.5	0.7
Directorate	0.8	0.7	(0.1)	-
Environment & Neighbourhood Services	44.3	46.2	1.9	2.3
Growth & Enterprise	22.8	23.1	0.3	0.1
Highways & Infrastructure	13.8	14.3	0.5	1.6
Place	81.7	84.3	2.6	4.0
Directorate	1.9	1.9	-	-
Finance & Customer Services	11.9	12.3	0.4	-
Governance & Compliance Services	11.7	11.2	(0.5)	-
Communications	0.7	0.7	-	-
HR	2.4	2.2	(0.2)	-
ICT	9.3	10.4	1.1	-
Policy & Change	1.9	1.9	-	-
Corporate Services	39.8	40.6	0.8	-
				For Info 9.6
<b>TOTAL SERVICES NET EXPENDITURE</b>	<b>316.9</b>	<b>335.5</b>	<b>18.6</b>	

**Table 2 – Central Budgets and Funding Outturn Forecasts**

2022/23	Revised Budget	Forecast Outturn	Forecast Variance
(GROSS Revenue Budget £474.2m)	(NET)		
	£m	£m	£m
CENTRAL BUDGETS			
Capital Financing	18.9	18.9	-
Transfer to/(from) Earmarked Reserves	(2.7)	(8.7)	(6.0)
Corporate Contributions / Central Budgets	(4.7)	(5.7)	(1.0)
<b>Central Budgets</b>	<b>11.5</b>	<b>4.5</b>	<b>(7.0)</b>
Business Rates Retention Scheme	(49.1)	(49.1)	-
Specific Grants	(24.6)	(24.6)	-
Council Tax	(254.7)	(254.7)	-
<b>Net Funding</b>	<b>(328.4)</b>	<b>(328.4)</b>	<b>-</b>

### Outturn Impact

- The financial impact of the outturn forecast could decrease balances by £11.6m. This is over 75% of the Council's General Reserves balance, so mitigating actions must be taken to reduce the pressure during the year. Any deficit at the end of the year will be drawn down from the Medium-Term Financial Strategy Earmarked Reserve in the first instance, but drawdowns from that reserve are already factored in to the MTFS to manage the effects of variations in spending and income in specific years.
- The Council will continue to manage and review the financial forecasts in response to emerging pressures and how this affects the Council's revenue budget.

### Collecting Local Taxes for Local Expenditure

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

### Council Tax

- 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.
- 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.
- 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.
- 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.
- 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 £315.3m.

**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
<b>Total</b>	<b>313.8</b>

13. **Table 4** shows collection rates within three years, and demonstrates that 99% collection is on target to be achieved within this period.

**Table 4 – 99% of Council Tax is collected in three years**

Financial Year	CEC Cumulative			
	2018/19	2019/20	2020/21	2021/22
	%	%	%	%
After 1 year	98.2	97.9	97.4	97.8
After 2 years	99.0	98.8	98.3	**
After 3 years	99.2	98.9	**	**

\*\*data not yet available

14. The council tax in-year collection rate for the period up to the end of September 2022 is 56.1%. This is a small decrease of 0.2% on the previous year, possibly indicating current cost of living pressures. Additionally, significant numbers of council tax staff have been supporting the government's energy

rebate payments which has impacted resource normally involved in collection.

15. Council tax support payments were budgeted at £18.4m for 2022/23 and at the end of September the total council tax support awarded was £18.9m.
16. 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.
17. Council tax discounts awarded are £28.6m which are comparable to the same period in 2021/22. A small increase is attributable to work related to raising awareness of the discounts available to residents.
18. Council tax exemptions awarded is £7.2m which although broadly in line with previous years shows a slight increase due to reasons shown at 17.

### Non-Domestic Rates (NDR)

19. 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.
20. 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.
21. **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.



22. The business rates in-year collection rate for the period up to the end of September 2022 is 58.6%. This is a significant increase on last year and begins to revert 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.

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

Financial Year	CEC Cumulative			
	2018/19	2019/20	2020/21	2021/22
	%	%	%	%
After 1 year	98.5	98.2	92.4	95.6
After 2 years	99.4	98.4	97.4	**
After 3 years	99.4	99.2	**	**

\*\*data not yet available

# Appendices to the Financial Review 2022/23

**November 2022**

# **Appendix 1 : Adults and Health Committee**

## **Contents**

### **Adults and Health Committee Extracts**

- 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy**
- 2. Action Plan 2022/23 (as reported to Corporate Policy Committee 6 October 2022)**
- 3. Corporate Grants Register**  
**Table 1: Adults and Health Committee Grants**
- 4. Debt Management**
- 5. Capital Strategy**
- 6. Reserves Strategy**

# Appendix 1

## Adults and Health Committee

### 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Adults and Health</b>				
Adult Social Care Operations	115,959	43	1,513	117,515
Commissioning	4,880	-	(1,461)	3,419
Public Health	-	-	-	-
	120,839	43	52	120,934

Note the additional grant funding column includes the expenditure part of centrally held unringfenced grants.

## 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 Oct 2022

Adults and Health Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
Adults & Health Committee				Pay Inflation	1.551	3&4	Red (will not achieve)	Represents current estimate of the impact on Committee services in excess of the MTFS, from a nationally negotiated pay award.	1.511
Adult Social Care Operations	148.4	-30.9	117.5	Continuing Healthcare Reviews	-1.000	7	Green (on track and should achieve)	Reviews underway of nursing home placements and complex care packages to identify those people who have a primary health need and are therefore eligible for Continuing Healthcare Funding.	0.000
				Productivity and Efficiency in Adult Social Care	-0.500	30	Red (will not achieve)	Unable to achieve in 2022/23, due to current level of demand upon services. The development of the Integrated Care Partnership (ICP) and integration commissioning will enable staff to work differently. New ways of working and integrated posts will be adopted which will result in more efficient ways of working.	0.500
				Investment in Adult Social Care	4.000	34	Red (will not achieve)	Pressures from care costs base budgets. Mitigation already includes staffing vacancies and a £2m income contribution anticipated from NHS discharge funding.	9.302

Adults and Health Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Care Fee Uplifts in Adult Social Care			Green (on track and should achieve)		0.000
				Learning Disabilities (LD) Future Service Development and Review	-1.000	49	Amber (not on track but may still achieve)	Difficulties identified in providers demanding higher fees or threatening to end contracts. We can evidence gross reductions on LD packages from the base line at the start of the financial year. On this measure it is expected that the saving will be met. However, demand and market pressure will result in an overall net increase to the cost of LD care.	0.000
				Direction of travel for the Communities Team to focus more on the Intervention and Prevention Agenda to make cost savings, growth and	-0.500	36	Red (will not achieve)	This has been unachievable due to the team's commitment to Afghan and Homes for Ukraine and COVID response- savings on tracker. Mitigation from associated grants will need to be determined.	0.500

Adults and Health Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				future cost avoidance					
				Mental Health Services Review	-0.500	37	Amber (on track but may not achieve all)	Working with health colleagues to implement 50/50 approach to section 117 cases.	0.000
				Day Care Review	-0.070	38	Green (on track and should achieve)	2022/23 saving was achieved in 2021/22 by contract variation.	0.000
				Electronic Call Monitoring Reclamation	-0.030	39	Red (will not achieve)	Unable to deliver due to the fragility of the care at home market- this is on covid tracker.	0.030
				Market Sustainability and Fair Cost of Care - Grant Income	-0.979	40	Green (on track and should achieve)	Received.	0.000
				Market Sustainability and Fair Cost of Care - Expenditure	0.979	40	Green (on track and should achieve)	Spent on 6% increase to care at home providers.	0.000

Adults and Health Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Staff Travel and related savings	-0.044	29	Green (on track and should achieve)		0.000
				Care Packages		NEW		Savings in year from reviews of current packages. Includes targeted economies through assistive technology and removing low level support (non-personal care tasks).	-0.400
				Care Costs		NEW		Negotiating unit costs down in line with Fair Cost Of Care.	-0.070
				Public Health (PH) Grants		NEW		Allocating PH grant to relevant preventative expenditure.	-0.110
Commissioning	12.6	-9.2	3.4	Reduce Base budget assigned to Community Grants	-0.100	9	Green (on track and should achieve)		0.000
				In Year pressures		New		£80k children's commissioning due to employment activity. £338k due to demand on community equipment and £378k demand on assistive technology. Partially offset by Ukraine settlement grant £500k.	0.392



Adults and Health Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
Public Health	17.7	-17.7	0.0	Public Health		NEW		Review use of Public Health grant across wider network of local authorities to test best practice.	
<b>Total</b>	<b>178.7</b>	<b>-57.8</b>	<b>120.9</b>		<b>1.807</b>				<b>11.655</b>

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2022/23	Revised Forecast FR1  2022/23 £000	Latest Forecast  2022/23 £000	Change from FR1  2022/23 £000	Treatment of Grant   <i>Notes 2 - 5</i>
<b>ADULTS &amp; HEALTH</b>				
<b>Specific Use (Held within Services)</b>	54,245	54,032	(213)	
<b>General Purpose (Held Corporately)</b>				
Social Care Support Grant	11,341	11,341	0	
Independent Living Fund	861	861	0	
Local Reform & Community Voices	213	213	0	
Social Care in Prisons	71	71	0	
War Pension Scheme Disregard	56	56	0	
<b>TOTAL ADULTS &amp; HEALTH</b>	<b>66,787</b>	<b>66,574</b>	<b>(213)</b>	

**Notes**

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

2 SRE - Supplementary Revenue Estimate requested by relevant service.

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

4 Reserves - transfer to reserves at year end.

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

- 3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

# 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Adults and Health Committee		
Adults, Public Health and Communities	8,467	5,092

# 5. Capital Strategy

Adults and Health													CAPITAL
CAPITAL PROGRAMME 2022/23 - 2025/26													
Scheme Description			Forecast Expenditure					Forecast Funding					
	Total Approved Budget	Prior Years	Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Total Forecast Budget 2022/26	Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	Total Funding
Committed Schemes													0
Adults Services													
Electronic Call Monitoring System	389	0	0	389	0	0	389			389			389
People Planner System	94	38	56	0	0	0	56	56					56
Replacement Care4CE Devices	93	65	28	0	0		28	28					28
Total Adults Services Schemes	576	103	84	389	0	0	473	84	0	389	0	0	473

## 6. Reserves Strategy

### Adults and Health Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
<b>Adult Social Care Operations</b>				
Adults Directorate	1,020	(450)	570	To support a number of widespread projects within the Adults and Health Directorate. Connected Community Strategy Developments activity has been delayed due to community team focussing on resettlement schemes. Transformation and Improvement of ASC and Care4ce New Model of Care anticipate phasing of appropriation will match the original business case.
DOL's Assessments	397	(397)	0	Reserve required due to delays in DOLs assessment processing. Anticipated to be fully utilised in 2022/23.
Public Health (LAC funding for 3 years/ Investment in Outcome 5 activities - Adults)	162	(162)	0	Reserve will be fully utilised by the end of 2022/23, matched off against LAC staff as per the original business case.
<b>Adults Social Care Commissioning</b>				
PFI Equalisation - Extra Care Housing	2,715	80	2,795	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009, and the anticipated gap at the end of the agreement.
NHB Community Grants Staffing	132	0	132	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects.
<b>Public Health</b>				
Public Health	3,220	(488)	2,732	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues. Anticipated that the carry forward ringfenced grant will be spent across 2022/23 to 2025/26.
<b>ADULTS AND HEALTH TOTAL</b>	<b>7,646</b>	<b>(1,417)</b>	<b>6,229</b>	

# **Appendix 2 : Children and Families Committee**

## **Contents**

### **Children and Families Committee Extracts**

- 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy**
- 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 October 2022**
- 3. Corporate Grants Register**
  - Table 1: Children and Families Committee Grants**
  - Table 2: Recommend to Service Committee Supplementary Estimates to Approve**
  - Table 3: Delegated Decisions for Committee to Note**
- 4. Debt Management**
- 5. Capital Strategy**
- 6. Reserves Strategy**

## Appendix 2

### Children and Families Committee

#### 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Children and Families</b>				
Directorate	899	-	107	1,006
Children's Social Care	46,464	187	-	46,651
Education & 14-19 Skills	18,197	311	24	18,532
Strong Start, Family Help and Integration (Previously Prevention & Early Help)	8,217	-	91	8,308
	73,777	498	222	74,497

## 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 Oct 2022

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
C&F Committee				Pay Inflation	1.548	3&4	Red (will not achieve)	Represents current estimate of the impact on Committee services in excess of the MTFS, from a nationally negotiated pay award.	1.368
				Use of EMRs		New		Additional use of earmarked reserves above MTFS level.	-0.208
				Transformation		New		Flexible use of Capital Receipts.	-1.000
Directorate	1.3	-0.3	1.0						
Strong Start, Family Help and Integration	14.7	-6.3	8.3	A redesign of Early Help Services into a Locality model	-0.424	48	Green (on track and should achieve)	A restructure is scheduled for March 2023. A significant amount of vacancies have been held in the service pending the restructure and they allow the saving to be delivered in 2022/23.	0.000
				Staff Travel and related savings	-0.062	29	Red (will not achieve)	At this stage the service is working to resume pre COVID-19 delivery levels and is not able to deliver savings from less travel or a reduced mileage rate. To be considered as part of wider recruitment and retention issue.	0.050
				Development and		50	Amber (not on track but	Under discussion to confirm any required changes.	0.000

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Partnerships service			may still achieve)		
				Revenue costs for Crewe Youth Zone		43	Green (on track and should achieve)		0.000
				Restructure Early Help budget to fund Crewe Youth Zone (CYZ)		44	Green (on track and should achieve)	Ringfenced reserves from the Supporting Families Programme (SFP) will be used to fund the Crewe youth zone. This will enable shared outcomes from the SFP programme with the outcomes of the Crewe youth zone. This will prevent any need to restructure within the early help budget. Depends on progress of the CYZ.	0.000
				P&S use of Troubled families		New			-0.300
				Use of COMF grant		New		Activity within Strong Start that may be funded from the ringfenced Contain Outbreak Management Fund.	-0.013
				In Year pressures		New		Difference from policy proposals and team plan related to other ongoing mitigation proposals.	-0.080



Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
Education and 14-19 Skills	61.3	-42.7	18.6	Establish a traded service for non-statutory elements of Attendance Service	-0.035	22	Green (on track and should achieve)	Income is being generated and using it to fund a single post - broadly net nil.	0.000
				Establish an Education Psychologist traded service to enable a proactive early support and intervention offer	-0.025	23	Green (on track and should achieve)	Income is being generated. Need to confirm position related to team capacity.	0.000
				Increase capacity to support Statutory SEND service	0.400	42	Amber (on track but may not achieve all)	Legal costs continue to highlight pressure in this area.	0.000
				Increase capacity to support Statutory Education Psychology Service	0.125	47	Amber (on track but may not achieve all)	Growth is not sufficient to match pressures in 2022/23, but procurement activity has to continue to meet demand. Expectation is that financial pressure could increase.	0.531

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				School Transport	1.200	62	Red (will not achieve)	MTFS identified there might be £1m further pressure to be funded from the MTFS reserve, which is being utilised. Independent review has completed (July 22) with recommendations for potential cost savings. These need to be considered and decisions reached to determine whether growth needs to be built in for future years. Expectation that the SEND growth is increasing each year so additional pressures likely. Need to establish what the transport review outcome will recommend.	1.537
				Staff Travel and related savings	-0.050	29	Red (will not achieve)	This is a challenge to deliver as the reduction in travel is too much and the mileage rate has not been changed. Low numbers of regular user allowances in this service.	0.098
				SEND Staffing – both core services and specialist teams supporting reduction in SEND needs assessments		New		To be established.	
				EP Staffing		New		To be established.	

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				School catering – implications on outcome of external catering review		New		To consider the recommendations of the APSE external review in terms of future delivery models and implications of budgets.	
				Skills agenda – shaping a strategic direction of support for young people		New		To consider the wider implications of how we support young people in terms of skills and preparation for employment.	
				Use of Public Health grant		New		Activity within Education and Skills that may be funded from the ringfenced Public Health Grant	-0.200
				Use of COMF grant		New		Activity within Education and Skills that may be funded from the ringfenced Contain Outbreak Management Fund	-0.110
				E&S Cell		New			-0.030
				In Year pressures		New		Covid expenditure - catering staff absence.	
Children's Social Care	48.2	-1.6	46.7	Children's Social Care Transformation and OFSTED Response	-1.500	2	Green (on track and should achieve)	In light of improvement work needed at pace it would be helpful to extend the timescale for this funding. Balance held in earmarked reserves.	0.000

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Investment in Cared for Children and Care Leavers and other pressures	4.000	41	Amber (not on track but may still achieve)	This has been allocated to the placements budget pressure – with a full review of budgets pending. Regular review / deep dive into placements. Opportunities in the other budgets will be considered but they are under pressure.	2.310
				Safeguarding Children – legacy staffing pressure	0.390	45	Green (on track and should achieve)	This was growth that has corrected a legacy issue.	0.000
				Growth in Children & Families Commissioning Contracts	0.180	46	Green (on track and should achieve)	This was growth that has corrected a legacy issue. The budget has been significantly reduced in earlier years so options for further reductions are limited. Review budgets for 2023/24.	0.000
				Staff Travel and related savings	-0.261	29	Red (will not achieve)	This will be a pressure on the requirement to travel. Impact on workforce to be considered and how savings can be delivered. Review for MTFS 2023/24.  Part of the essential user allowance item will be delivered but unlikely that less mileage / lower mileage rate will be achieved.	0.113

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Growth in Children's social care – average 10% per annum growth in spend (on £20m placement budget) less already agreed.		New		Possible scope for this to reduce in line with ambition to refocus activity and realising savings here through roll out of residential children's homes project. But likely to be double spend during transition phase.	
				Continuation of Transformation funding considering July 2022 inspection and wider improvement work.		New		Transformation work ongoing to realise ambition to draw down demand and reduce high cost provision.	
				Removal of high needs DSG contribution to Direct payments and replace with base budget funding.		New			
				Growth in direct payments budget to reflect activity levels.		New			

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Growth in the service to manage resettlement activity – children stay in the system and staff are needed.		New			
				Workforce		New		Revise vacancy forecasts to reflect recruitment difficulties. Slow down in year recruitment where feasible/safe. Use specific reserves for exit costs (per MTFS).	
				Further Mitigations		New		Forensic review of projected deficit budget lines to identify in-year mitigations. Acquire domestic property for Children's Homes. Review all high cost-low outcome placements.	-0.475
				Use of COMF grant		New		Activity within Childrens Social Care that may be funded from the ringfenced Contain Outbreak Management Fund	-0.044
				Care and Early Intervention		New		Review all high cost-low outcome placements.	

Children and Families Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Other		New		Reduce opening hours or close for under-utilised facilities. Work across partnerships to identify any additional funding streams for use of facilities.	
<b>Total</b>	<b>125.4</b>	<b>-50.9</b>	<b>74.5</b>		<b>5.486</b>				<b>3.547</b>

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2022/23	Revised Forecast FR1  2022/23 £000	Latest Forecast  2022/23 £000	Change from FR1  2022/23 £000	Treatment of Grant   <i>Notes 2 - 5</i>
<b>CHILDREN &amp; FAMILIES</b>				
<b>Specific Use (Held within Services)<sup>1</sup></b>	165,406	166,408	1,002	
<b>General Purpose (Held Corporately)</b>				
Staying Put Implementation Grant	130	130	0	
Extended Rights to Free Transport (Home to School Transport)	250	250	0	
Extended Personal Adviser Duty Implementation	57	57	0	
Extension of the role of Virtual School Heads	61	61	0	
<b>TOTAL CHILDREN &amp; FAMILIES</b>	<b>165,904</b>	<b>166,906</b>	<b>1,002</b>	

**Notes**

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

2 SRE - Supplementary Revenue Estimate requested by relevant service.

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

4 Reserves - transfer to reserves at year end.

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

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

3.2 The increase in specific grants relates mainly to Asylum Seekers, Ukraine Resettlement Funding and the COVID-19 Recovery Premium grants reflecting the latest allocations. Other additional specific grants have been received and are detailed in **Table 2 and Table 3**.

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



**Table 2 – Recommend to Service Committee to Approve Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Use) over £500,000 up to £1m**

Committee	Type of Grant	£000	Details
Children and Families	Asylum Seekers	535	Increase on MTFS 2022-26 estimate. This grant is from the Department for Education. Based on clients' claims so therefore will fluctuate based on age / numbers of claims – we are also receiving some additional funding from those that move through the National Transfer Scheme. Looking at claims in the current year there have been additions to the UASC population, therefore this has likely seen an increase in the amount receiving the higher rate. In addition, possibly an element of being cautious with MTFS items as this can vary significantly purely based on the numbers as said above. <a href="https://www.gov.uk/government/guidance/unaccompanied-asylum-seeking-children">Unaccompanied asylum seeking children and leaving care: funding instructions - GOV.UK (www.gov.uk)</a>
<b>Specific Purpose Allocations over £500,000</b>		<b>535</b>	

**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
Children and Families - Schools	Sixth Forms Grant (Specific Purpose)	3	Increase on Financial Review 1 forecast. This grant is from the Education and Skills Funding Agency. Funding is based on Pupil Numbers which makes up the main funding profile, the MTFS estimate will have been based on pupils in 2021/22 being forecast for the remainder of financial year. This will now have been updated for 2022/23 pupil numbers. Sixth Form providers also receive a High Value Course Premium based on the number of pupils taking high value

Committee	Type of Grant	£000	Details
			courses. <a href="https://www.gov.uk/government/news/16-to-19-education-funding-allocations">16 to 19 education: funding allocations - GOV.UK (www.gov.uk)</a>
Children and Families - Schools	COVID-19 Recovery Premium (Specific Purpose)	180	Increase on Financial Review 1 forecast. This grant is from the Department for Education. Recovery premium received on behalf of schools and allocated out as per funding <a href="#">schedule</a> (breakdown by school).
Children and Families - Schools	School Led Tutoring Grant (Specific Purpose)	154	Increase on Financial Review 1 forecast. This grant is from the Department for Education. This grant will give schools and academy trusts the flexibility in determining how best to provide tutoring intervention to support catch-up for lost education due to the coronavirus (COVID-19) pandemic. Grant <a href="#">conditions</a> .
Children and Families - Schools	Senior Mental Health Lead Training Grant (Specific Purpose)	1	<p>Increase on Financial Review 1 forecast. This grant is from the Department for Education.</p> <p>The Department for Education (DfE) is offering a grant of £1,200 for eligible state-funded schools and colleges in England to train a senior mental health lead to develop and implement a whole school or college approach to mental health and wellbeing. This training is not compulsory, but it is part of the government's commitment to offer this training to all eligible schools and colleges by 2025.</p> <p>Eligible schools and colleges are now able to apply for a senior mental health lead training grant to commence training within the 2022 to 2023 financial year, up to 31<sup>st</sup> March 2023. Grants will be provided to cover (or contribute to) the cost of attending a quality assured course and may also be used to hire supply staff whilst leads are engaged in learning. <a href="https://www.gov.uk/government/news/senior-mental-health-lead-training">Senior mental health lead training - GOV.UK (www.gov.uk)</a></p>

Committee	Type of Grant	£000	Details
Children and Families - Schools	Newly Qualified Teachers - Education Recovery 5% Time off Timetable  (Specific Purpose)	16	<p>Increase on Financial Review 1 forecast. This grant is from the Department for Education. Eligible schools will receive a one-off payment to support NQTs who completed induction between the summer of 2021 and spring 2022. This funding will be made available to cover the cost of providing these teachers an additional 5% off timetable for the 2021 to 2022 academic year so they have additional time to invest in their development.</p> <p>This time off timetable has been designed to be used flexibly so that as many new teachers as possible can benefit from this additional support.</p> <p>Funding has been calculated as equivalent to 5% off timetable every week for an NQT over the academic year 2021 to 2022 and equates to 44 hours.  <a href="#">[Withdrawn] Additional funding for newly qualified teachers completing induction between summer 2021 and spring 2022 - GOV.UK (www.gov.uk)</a></p>
Children and Families - Schools	Apprentice Incentive Scheme  (Specific Purpose)	2	<p>This grant is from the Department for Education. Incentive payments available for hiring a new apprentice. Employers are able to use their levy funds to cover the cost of an apprentice's training and assessment. Payments passported to schools. Grant <a href="#">conditions</a>.</p>
Children and Families - Schools	Digital Education Platform  (Specific Purpose)	2	<p>This grant is from the Department for Education. When schools and colleges closed due to the coronavirus pandemic, teachers needed a way to continue teaching students at home. The solution was to provide digital education platforms. This is the name we give to a set of tools and technologies that together enable pupils to learn online in virtual classrooms. Digital education platforms are purpose-built for remote learning and they are so much more than just a school website. Funding is available for</p>

Committee	Type of Grant	£000	Details
			schools to help them get set up on one of two platforms, either G Suite for Education (Google Classroom) or Office 365 Education (Microsoft Teams). Both are free to use. Payments passported to schools.
Children and Families - Schools	Mass Testing (Specific Purpose)	9	This grant is from the Department for Education. This is the final payment allocation Phase 8 & 9 for this funding. It provides funding to cover the initial roll-out of rapid mass testing. Payments passported to schools. Grant <a href="#">conditions</a> .
Children and Families - Schools	Vaccination funding (Specific Purpose)	9	This grant is from the Department for Education. Healthy 12 to 15 year olds in England are now being offered two doses of the PfizerBioNTech COVID-19 vaccine, 12 weeks apart. These vaccinations are available through school immunisation services or by booking through the national booking service to attend a vaccination site outside of school hours. At this critical point in the vaccine programme, it is particularly important that schools and immunisation teams work closely together to maximise effectiveness of the vaccination programme. Funding is provided to schools with a one-off payment to support schools in hosting vaccinations and ensuring that the COVID-19 vaccine is accessible to pupils. Payments passported to schools. Grant <a href="#">conditions</a> .
Children and Families	Tackling Troubled Families (Payments by Results)  (Specific Purpose)	139	Increase on Financial Review 1 forecast. This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). In April 2012, the Government launched the Troubled Families Programme, a £448m scheme to incentivise local authorities and their partners to turn around the lives of 120,000 troubled families by May 2015. This programme worked with families where children are not attending school, young people are committing crime,

Committee	Type of Grant	£000	Details
			<p>families are involved in anti-social behaviour and adults are out of work.</p> <p>In June 2013, the Government announced plans to expand the Troubled Families Programme for a further five years from 2015/16 and to reach up to an additional 400,000 families across England. £200 million has been committed to fund the first year of this five year programme.</p>
Children and Families	<p>NHS Cheshire CCG Grant to fund CEIAS Services</p> <p>(Specific Purpose)</p>	26	<p>This grant is from the NHS Cheshire CCG Education.</p> <p>For children and young people aged 0 – 25 years with Special Educational Needs and/or Disabilities (SEND) and their parent/carers who are normally resident in Cheshire East local authority. CEIAS works with families from the moment a concern is identified with a child's education, or development, and continues to support whether statutory thresholds for an Education Health and Care plan are met or not up to and including Tribunal, complaints etc. The service also supports families whose children and young people are excluded from school, or at threat of exclusion.</p>
Children and Families	<p>Remand Grant</p> <p>(Specific Purpose)</p>	55	<p>Increase on MTFs 2022-26 estimate. This grant is from the Home Office. Funding allocation towards remands to youth secure accommodation of children and young people (under 18 years of age). This payment is in respect of children detained on remand in YOIs and the treatment of such children as "looked after", and to meet the costs of escorting remanded children to and from youth detention accommodation. Such payments reflect a reasonable estimate of demand using the most recently available data and the YOI remand sector price.</p>

Committee	Type of Grant	£000	Details
Children and Families	Ukraine Resettlement Funding (Specific Purpose)	238	This grant is from the Education & Skills Funding Agency. Funding to provide education and childcare services for children who have entered England via the Homes for Ukraine scheme 2022 to 2023. Grant <a href="#">conditions</a> .
Children and Families	Hong Kong UK Welcome Programme - British Nationals (Specific Purpose)	9	Increase on Financial Review 1 forecast. This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). Funding is being provided as part of the Hong Kong UK Welcome Programme which is intended to provide funding to local authorities in England to provide targeted support to BN(O) status holders who need additional English language support and destitution support for those whose circumstances change. <a href="#">Hong Kong British Nationals (Overseas) welcome programme – information for local authorities - GOV.UK (www.gov.uk)</a>
<b>Specific Purpose Allocations less than £500,000</b>		<b>843</b>	

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Children and Families Committee</b>		
Children's Social Care (Incl. Directorate)	8	6
Education and 14-19 Skills	70	-
Prevention and Early Help	9	-
Schools	47	-

## 5. Capital Strategy

### Children and Families

### CAPITAL

#### CAPITAL PROGRAMME 2022/23-2025/26

Scheme Description	Total Approved Budget	Prior Years	Forecast Expenditure				Total Forecast Budget 2022/26	Forecast Funding					Total Funding
			Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26		Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	
<b>Committed Schemes in progress</b>													
<b>Childrens Social Care</b>													
Foster Carers Capacity Scheme	634	348	0	286	0	0	286					286	286
Crewe Youth Zone	4,800	342	650	2,450	1,358	0	4,458	2,258				2,200	4,458
<b>Strong Start, Family Help &amp; Integration</b>													
Ash Grove Nursery Expansion	230	225	5	0	0	0	5	5					5
Beechwood Nursery Expansion	868	836	33	0	0	0	33			33			33
Early Years Sufficiency Capital Fund	1,036	913	0	123	0	0	123	123					123
<b>Education and 14-19 Skills</b>													
Adelaide Academy	784	34	50	700	0	0	750	580				170	750
Congleton Planning Area	5,034	44	300	4,690	0	0	4,990	2,593	2,397				4,990
Devolved Formula Capital	2,179	350	954	300	290	285	1,829	1,829					1,829
Future Years Basic Need Allocation	4,192	11	2,652	1,529	0	0	4,180	4,180					4,180
Holmes Chapel Planning Area	3,625	770	750	2,105	0	0	2,855	2,480	375				2,855
Macclesfield Planning Area - secondary	4,084	1,106	100	2,400	478	0	2,978	2,978					2,978
Malbank High School	1,922	1,856	66	0	0	0	66	66					66
Monks Coppenhall Sen Expansion	127	2	125	0	0	0	125	25				100	125
Nantwich Planning Area (Primary)	7,080	104	400	4,600	1,976	0	6,976	3,787	3,189				6,976
Nantwich Planning Area (Secondary)	700	0	200	500	0	0	700	700					700
Park Lane Expansion	4,400	4,226	174	0	0	0	174	174					174
Provision of Sufficient School Places - SEND	6,006	16	2,490	3,500	0	0	5,990	500				5,490	5,990
Puss Bank SEN Expansion	532	509	23	0	0	0	23					23	23
Sandbach High School - Basic Need	1,704	1,702	2	0	0	0	2	2					2
Sandbach Boys School - Basic Need	1,776	1,773	3	0	0	0	3	3					3
Sandbach Planning Area (secondary)	38	0	38	0	0	0	38	38					38
School Condition Grant	4,356	42	1,595	2,761	0	0	4,356	4,301		55			4,356
Sen/High Needs Grant Allocation	3,866	0	46	3,820	0	0	3,866	3,866					3,866
Sen Placement Expn - Phase 2	38	0	38	0	0	0	38					38	38

## CAPITAL PROGRAMME 2022/23-2025/26

Scheme Description	Total Approved Budget	Prior Years	Forecast Expenditure				Total Forecast Budget 2022/26	Forecast Funding					Total Funding
			Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26		Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	
<b>Committed Schemes in progress</b>													
<b>Education and 14-19 Skills</b>													
Shavington Planning Area (1)	3,125	70	400	2,655	0	0	3,055	3,055					3,055
Special Provision Grant Allocation	908	46	863	0	0	0	863	857		6			863
Springfield Satellite Site (Dean Row)	4,120	91	2,030	2,000	0	0	4,030	3,230				800	4,030
To Expand 'In Borough' Sen Placement Capacity - Springfield Special School	149	91	58	0	0	0	58					58	58
Little Angels Satellite Sites	1,100	1,074	26	0	0	0	26	26					26
Wilmslow Basic Need Scheme	13,944	1,658	4,000	5,000	3,286	0	12,286	9,551	2,687			48	12,286
Wilmslow Primary Planning Area	626	1	0	625	0	0	625	125	500				625
													0
<b>Total Committed Schemes</b>	<b>83,984</b>	<b>18,240</b>	<b>18,071</b>	<b>40,042</b>	<b>7,388</b>	<b>285</b>	<b>65,786</b>	<b>47,330</b>	<b>9,149</b>	<b>94</b>	<b>0</b>	<b>9,213</b>	<b>65,786</b>
													0
													0
<b>New Schemes</b>													
<b>Childrens Social Care</b>													
Children's Home Sufficiency Scheme	2,100		1,000	1,100	0	0	2,100					2,100	2,100
<b>Education and 14-19 Skills</b>													
Congleton Planning Area (1)	2,200	0	0	1,100	1,100	0	2,200	900	1,300				2,200
Congleton Planning Area (2)	625	0	100	525	0	0	625	625					625
Congleton Planning Area (3)	7,500	0	0	500	800	6,200	7,500	4,300	3,200				7,500
Sandbach Planning Area	3,183	0	500	2,683	0	0	3,183	2,673	510				3,183
Handforth Planning Area	15,000	0	0	2,000	6,500	6,500	15,000	2,136	12,864				15,000
Haslington Planning Area (The Dingle PS Expansion)	1,385	0	100	900	385	0	1,385	1,385					1,385
Macclesfield Academy Resource Provision	100	0	100	0	0	0	100	100					100
Macclesfield Planning Area (1)	4,000	0	0	0	2,000	2,000	4,000		4,000				4,000
Macclesfield Planning Area (2)	4,000	0	100	3,400	500	0	4,000	4,000					4,000
Mobberley Primary School	900	0	50	850	0	0	900	600			300		900
Resource Provision - Wistaston PS	1,400	0	400	1,000	0	0	1,400	1,100				300	1,400
Shavington Planning Area (2)	8,000	0	200	800	4,000	3,000	8,000	5,640	2,360				8,000
<b>Total New Schemes</b>	<b>50,393</b>	<b>0</b>	<b>2,550</b>	<b>14,858</b>	<b>15,285</b>	<b>17,700</b>	<b>50,393</b>	<b>23,459</b>	<b>24,234</b>	<b>0</b>	<b>300</b>	<b>2,400</b>	<b>50,393</b>
<b>Total Children and Families Schemes</b>	<b>134,377</b>	<b>18,240</b>	<b>20,621</b>	<b>54,900</b>	<b>22,673</b>	<b>17,985</b>	<b>116,179</b>	<b>70,789</b>	<b>33,383</b>	<b>94</b>	<b>300</b>	<b>11,613</b>	<b>116,179</b>



## 6. Reserves Strategy

### Children and Families Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
<b>Directorate</b>				
Childrens Directorate - Transformation Funding	1,079	(365)	714	Expectation of £200k for CSC Court and Care Planning Service Proposals plus £65k for CSC New Beginnings.
Childrens Directorate - C&F ED	422	(110)	312	Estimated spend of £30k transport review, £50k Chess review and £30k catering review.
<b>Childrens Social Care</b>				
Domestic Abuse Partnership	112	(76)	36	To sustain preventative services to vulnerable people as a result of partnership funding. This is the current budgeted position, however updates will be provided on future reviews. Service will need to consider in year deficit as this would not be sustainable in 2023/24 based on current assumptions.
<b>Education and 14-19 Skills</b>				
Skills and Lifelong Learning	30	(30)	0	To support adult learning, training and improving skills for the workplace. Need to
School Organisation & Capital Service	16	(16)	0	Springfield lease of £28.5k per annum will be a pressure in 2022/23.
SSIF Nexus Programme	9	(9)	0	Reserve will be used towards School Improvement to continue to support schools with high disadvantaged learners - agreed with CWAC.
<b>Strong Start, Family Help and Integration</b>				
Troubled Fams Initiative	2,215	364	2,579	Previously intended to be used towards Prevention restructure. Newly formed
Emotional Healthy Schools	71	(71)	0	Funding by partners to deliver service.
Public Sector Transformation – contribution to Early Youth Inclusion Fund	57	(57)	0	
Complex Dependencies	21	(21)	0	
<b>CHILDREN AND FAMILIES TOTAL</b>	<b>4,032</b>	<b>(391)</b>	<b>3,641</b>	

# **Appendix 3 : Corporate Policy Committee**

## **Contents**

### **Corporate Policy Committee Extracts**

- 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy**
- 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 October 2022**
- 3. Corporate Grants Register**  
**Table 1: Corporate Policy Committee Grants**
- 4. Debt Management**
- 5. Capital Strategy**
- 6. Reserves Strategy**

# Appendix 3

## Corporate Policy Committee

### 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Corporate Policy</b>				
Directorate	111	-	1,734	1,845
Finance & Customer Services	12,857	111	(1,028)	11,940
Governance and Compliance Services	10,479	-	1,174	11,653
Transformation	14,875	-	(14,875)	-
HR	-	-	2,397	2,397
ICT	-	-	9,348	9,348
Communications	-	-	653	653
Policy and Change	-	-	1,902	1,902
	38,322	111	1,305	39,738

## 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 Oct 2022

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
Corporate Policy Committee				Pay Inflation	1.315	3&4	Red (will not achieve)	Represents current estimate of the impact on Committee services in excess of the MTFS, from a nationally negotiated pay award.	0.872
				Transformation		New		Use flexible receipts to capitalise costs of transformation. Ongoing costs for Implementation work on B4B within ICT Shared Service - REFCUS utilised to support last year. 50% share of £35,000.	-0.017
Corporate Directorate	17.1	-2.8	14.3	Efficiency savings and Restructures within Corporate Services	-0.148	8	Amber (on track but may not achieve all)	Savings allocated pro-rata. Savings can probably be achieved through in-year vacancy management rather than permanently. Very few savings through restructures because of increased demand across the board.	0.000
				Mitigation of reduction in the Dedicated Schools Grant (ICT element)	0.098	15	Amber (not on track but may still achieve)		0.000

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Infrastructure Investment Programme	0.127	33	Amber (not on track but may still achieve)	Revenue consequences being reviewed in Sept/Oct against the revenue growth in the MTFS.	0.000
				Improving Digital Customer Experience	0.110	1	Amber (not on track but may still achieve)	Revenue consequences being reviewed in Sept/Oct against the revenue growth in the MTFS.	0.000
				Unified IT Communications	0.110	25	Amber (not on track but may still achieve)	Revenue consequences being reviewed in Sept/Oct against the revenue growth in the MTFS.	0.000
				IT Security and Compliance	0.097	26	Amber (not on track but may still achieve)	Revenue consequences being reviewed in Sept/Oct against the revenue growth in the MTFS.	0.000
				IT Procurements and Application Lifecycle Management	0.075	27	Amber (not on track but may still achieve)	Revenue consequences being reviewed in Sept/Oct against the revenue growth in the MTFS.	0.000
				Information Assurance and Data Management Phase 3	0.040	28	Amber (not on track but may still achieve)	Revenue consequences being reviewed in Sept/Oct against the revenue growth in the MTFS.	0.000

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Removal of temporary implementation on budget and investment to run the new Financial System	-0.453	6	Green (on track and should achieve)	£105k of reduction relates to Transactional Service Centre (TSC) additional capacity in 2021/22 - this is reported in Finance & Customer Services, this reduction in Governance & Support team isn't being achieved. Also, some of the ICT pressure reported below includes work still being done on BW implementation.	0.000
				Staff Travel and related savings	0.023	29	Red (will not achieve)	NOTE: £50k saving against HR 2021/22 budget reversed in 2022/23 then replaced by total staff travel saving allocation of £76k for whole of Corporate Services. Savings have been allocated across all services, leaving £23k across HR, ICT, and Communications (£50k-£27k=£23k). 30% reduced mileage element achieved however, element relating to adopting HMRC rate (£18k across Corporate Services) will not be achieved as no agreement has been reached with the unions. Shortfall being offset by mileage not yet returning to expected post COVID levels due to increasing cases early in 2022/23. Corporate Leadership Team (CLT) discussion on Mutually Agreed Resignation Scheme (MARS) as mitigation. MARS payments	0.000

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
								can be met from reserve in 2022/23 if scheme goes ahead.	
				Shared Services Review		8	Amber (not on track but may still achieve)	No cashable savings identified in those services identified. Additional costs being incurred in TSC due to the delayed implementation of B4B and additional pressures on the capacity of the team. Forecast pressure in year. Proposed hybrid model for ICT does deliver more than £200k savings target but requires more investment and payback over 4 years. see item below on ICT hybrid model.	0.000
				In Year pressure/ mitigation		New		Chief Executive and Executive Director of Corporate Services budgets favourable variance £89k, Communications lower income £34k, HR vacancies earlier in the year £280k under, Pressure £1,082k in ICT primarily due to insufficient commissioned project hours.	0.747

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Workforce		New		Revise vacancy forecasts to reflect recruitment difficulties. Slow down recruitment where feasible / safe. Recruit FTE to avoid agency / consultancy costs. Use appropriate reserves to fund exit costs.	
				ICT Reprocurements for Corporate, place and People				Costs of reprocuring and implementing replacement line of business systems have previously been capitalised. No capital budget available in current year but has been agreed these costs will come from Capital financing Reserve. Will be a pressure in future years.	
Finance and Customer Services	60.4	-48.5	11.9	Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	0.337	5	Amber (not on track but may still achieve)	Position for 2022/23 is a budget increase to reflect reduced court costs and to fund debt off loading and single view. Potential for both to be slightly delayed.	0.000



Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Transactional Service Centre additional funding	0.238	16	Red (will not achieve)	Further activity should improve later year's forecasts, but there is also wider review of schools costs pending. Latest forecast pressure almost £300k but will be partially mitigated due to frequent vacancies etc.	0.112
				Vendor Management Phase 3	0.175	24	Amber (not on track but may still achieve)	Budget increase for 2022/23 to enable system rollout and change management piece. Budget reduced in 2023/24 to include only system costs. Could be a budget carry forward due to a delay in the system rollout.	0.000
				Brighter Futures Together Programme Customer Experience	-0.133	19	Amber (not on track but may still achieve)	Remaining savings dependant on enabling technologies and procedures. Savings may to be achieved in year through vacancy management but permanent savings potentially delayed until 2023/24.	0.000
				Efficiency savings and Restructures within Corporate Services	-0.098	8	Amber (on track but may not achieve all)	Savings allocated pro-rata. Savings can probably be achieved through in-year vacancy management rather than permanently. Very few savings through restructures because of increased demand across the board.	0.000

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Staff Travel and related savings	-0.021	29	Red (will not achieve)	30% reduced mileage element achieved however, element relating to adopting HMRC rate will not be achieved as no agreement has been reached with the unions. Shortfall being offset by mileage not yet returning to expected post COVID levels due to increasing cases early in 2022/23.	0.000
				In Year pressure/ mitigation		New		£54k pressure in Accountancy offset by delay to start of Atamis project £21k favourable variance, and administration grant for energy rebate payments £161k.	-0.128
Governance and Compliance Services	15.3	-3.7	11.7	Efficiency savings and Restructures within Corporate Services	-0.078	8	Amber (on track but may not achieve all)	Savings allocated pro-rata. Savings can probably be achieved through in-year vacancy management rather than permanently. Very few savings through restructures because of increased demand across the board.	0.000

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Staff Travel and related savings	-0.012	29	Red (will not achieve)	30% reduced mileage element generally achieved however, element relating to adopting HMRC rate will not be achieved as no agreement has been reached with the unions. Shortfall being offset by mileage not yet returning to expected post COVID levels due to increasing cases early in 2022/23.	0.000
				Increase in Insurance Premiums		New		Pressure built into forecast but will be met from insurance reserve so nil. Reserve balance needs to be monitored.	0.000
				In Year pressure/ mitigation		New		£208k pressure in legal relating to lower income and agency staff offset by favourable variances in Democratic Services mainly from additional income in registrars £581k, Audit & Risk variance from vacancies £348k.	-0.721
Policy & Change	2.8	-0.9	1.9	Mitigation of reduction in the Dedicated Schools Grant (Bus Intel)	0.009	15	Amber (not on track but may still achieve)		0.000

Corporate Policy Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Review of corporate subscriptions	-0.015	12	Green (on track and should achieve)	Existing budget does not fully cover subscriptions to CCN and LGA	0.000
				Staff Travel and related savings	-0.016	29	Red (will not achieve)	30% reduced mileage element achieved however, element relating to adopting HMRC rate will not be achieved as no agreement has been reached with the unions. Shortfall being offset by mileage not yet returning to expected post COVID levels due to increasing cases early in 2022/23.	0.000
				Efficiency savings and Restructures within Corporate Services	-0.026	8	Amber (on track but may not achieve all)	Savings allocated pro-rata. Savings can probably be achieved through in-year vacancy management rather than permanently. Very few savings through restructures because of increased demand across the board.	0.000
				In Year pressure/ mitigation		New		£91k variance due to vacant posts in policy and change.	-0.091
<b>Total</b>	<b>95.7</b>	<b>-55.9</b>	<b>39.8</b>		<b>1.754</b>				<b>0.774</b>

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2022/23	Revised Forecast FR1 2022/23 £000	Latest Forecast 2022/23 £000	Change from FR1 2022/23 £000	Treatment of Grant  <i>Notes 2 - 5</i>
<b>CORPORATE POLICY</b>				
<b>Specific Use (Held within Services)</b>	69,720	69,727	8	
<b>General Purpose (Held Corporately)</b>				
Housing Benefit Administration Subsidy	736	736	0	
Council Tax Support Administration Subsidy	345	345	0	
NNDR Administration Allowance	587	587	0	
Revenue Support Grant	7	7	0	
New Homes Bonus	6,614	6,614	0	
Lower Tier Services Grant	360	360	0	
Services Grant	2,932	2,932	0	
Business Rates Reliefs Grant 2022/23	13,890	13,890	0	
<b>TOTAL CORPORATE POLICY</b>	<b>95,191</b>	<b>95,199</b>	<b>8</b>	

**Notes**

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

2 SRE - Supplementary Revenue Estimate requested by relevant service.

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

4 Reserves - transfer to reserves at year end.

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

- 3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

# 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Corporate Policy Committee</b>		
Finance and Customer Services	76	40
Governance and Compliance	3	-
Human Resources	2	-
ICT	90	4

## 5. Capital Strategy

### Corporate Policy

### CAPITAL

CAPITAL PROGRAMME 2022/23 - 2025/26													
Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2022/26 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>ICT Services</b>													
Care Act Phase 2	2,648	0	1,372	638	638	0	2,648					2,648	2,648
Core Financials	3,948	0	1,746	741	720	741	3,948		500		13	3,435	3,948
Digital Customer - Delivery Programme Phase 1	250	79	171	0	0	0	171					171	171
Digital Customer Enablement	2,874	33	967	1,400	474	0	2,841					2,841	2,841
ICT Device Replacement	120	75	45	0	0	0	45			45			45
Info' Assurance And Data Mgmt	5,324	0	2,234	1,591	1,500	0	5,324					5,324	5,324
Infrastructure Investment(IIP)	7,773	0	2,623	1,680	1,656	1,814	7,773					7,773	7,773
Vendor Management	1,006	730	276	0	0	0	276					276	276
Unified Communications Project	1,206	651	555	0	0	0	555					555	555
<b>Finance &amp; Customer Services</b>													
Strategic Capital Projects	1,897	0	1,897	4,000	4,000	3,087	12,984					12,984	12,984
<b>Total Committed Schemes</b>	<b>27,047</b>	<b>1,568</b>	<b>11,886</b>	<b>10,050</b>	<b>8,988</b>	<b>5,642</b>	<b>36,567</b>	<b>0</b>	<b>500</b>	<b>45</b>	<b>13</b>	<b>36,008</b>	<b>36,567</b>
<b>New Schemes</b>													
<b>Information Communication Technology</b>													
Vendor Management - Phase 2	320	0	170	150	0	0	320					320	320
<b>Total New Schemes</b>	<b>320</b>	<b>0</b>	<b>170</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>320</b>
<b>Total Corporate Policy Schemes</b>	<b>27,367</b>	<b>1,568</b>	<b>12,056</b>	<b>10,200</b>	<b>8,988</b>	<b>5,642</b>	<b>36,887</b>	<b>0</b>	<b>500</b>	<b>45</b>	<b>13</b>	<b>36,328</b>	<b>36,887</b>

## 6. Reserves Strategy

### Corporate Policy Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
<b>Directorate</b>				
Corporate Directorate	1,868	(293)	1,575	To support a number of widespread projects within the Corporate Directorate
<b>Finance and Customer Services</b>				
Collection Fund Management	27,424	(15,609)	11,815	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve - Corporate Capital Projects	7,832	1,500	9,332	
Financing Reserve - People Capital Projects	573	(150)	423	To provide for financing of capital schemes, other projects and initiatives.
Financing Reserve - Place Capital Projects	1,125	(250)	875	
MTFS Reserve	10,068	(2,533)	7,535	To support the financial strategy and risk management.
Section 151 Revenue Grants	28	(28)	0	Unspent specific use grant carried forward into 2022/23.
Section 151 Revenue Grants - COVID-19	5,989	(5,989)	0	Covid (Unringfenced) reserve carried forward into 2022/23.
<b>Governance and Compliance</b>				
Insurance Reserve - Cheshire County Fund	130	(146)	(16)	To settle insurance claims and manage excess costs.
Insurance Reserve - Cheshire East Fund	5,164	132	5,296	To settle insurance claims and manage excess costs.
Elections General	477	225	702	To provide funds for Election costs every 4 years.
Brexit Funding	13	0	13	
<b>Human Resources</b>				
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	59	(59)	0	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Pay Structure (M Grade Review)	584	(278)	306	To fund ongoing changes to pay structure.
<b>Policy and Change</b>				
Brighter Future Transformation Programme	1,780	0	1,780	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
<b>CORPORATE POLICY TOTAL</b>	<b>63,114</b>	<b>(23,478)</b>	<b>39,636</b>	



# **Appendix 4 : Economy and Growth Committee**

## **Contents**

### **Economy and Growth Committee Extracts**

- 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy**
- 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 October 2022**
- 3. Corporate Grants Register**
  - Table 1: Economy and Growth Committee Grants**
  - Table 2: Supplementary Estimates for Committee to Note**
  - Table 3: Delegated Decisions for Committee to Note**
- 4. Debt Management**
- 5. Capital Strategy**
- 6. Reserves Strategy**

## Appendix 4

### Economy and Growth Committee

#### 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Economy and Growth</b>				
Directorate	851	-	(17)	834
Growth & Enterprise	22,659	-	102	22,761
	23,510	-	85	23,595

## 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 Oct 2022

Economy and Growth Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
E&G Committee				Pay Inflation	0.528	3&4	Red (will not achieve)	Represents current estimate of the impact on Committee services in excess of the MTFS, from a nationally negotiated pay award.	0.153
Directorate	2.4	-1.6	0.8	Staff Travel and related savings	-0.082	29	Amber (on track but may not achieve all)		0.000
				Place directorate mitigating actions				Savings on feasibility, travel and consultancy	-0.042
				Transformation				Use flexible receipts to capitalise costs of transformation - Planning Deep Dive.	-0.074
Growth and Enterprise	30.6	-7.8	22.8	Neighbourhood Estate Review	-0.260	31	Red (will not achieve)	Delayed - Awaiting progress on the Leisure Review.	0.219
				Estates Transformation - Office Accommodation	-0.100	32	Red (will not achieve)	Progress of the Estates Transformation. Cledford House is being advanced to enable property to be vacated and then disposal or alternative use sought. Potential Send School.	0.100

Economy and Growth Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Transfer of Congleton Visitor Information Centre	-0.020	11	Green (on track and should achieve)	Previous agreement in place for transfer and phased saving over period.	0.000
				Asset / Service Transfer	-0.030	51	Amber (on track but may not achieve all)	Final agreement and conclusion of legals on property transfers.	0.030
				Tatton Park	-0.006	52	Green (on track and should achieve)	Already built into budget.	0.000
				Investment in Public Rights of Way	0.200	59	Green (on track and should achieve)	Recruitment process underway – however securing a suitable candidate has been difficult.	-0.044
				Utility Costs / Carbon	1.500	57	Green (on track and should achieve)		0.000
				Estates Pressures		New		Reflects increases in maintenance, utility and business rates and a pressure on rental income within the Investment portfolio.	0.820
				Estates mitigating actions		New		Mitigating actions to offset pressures, largely vacancies and better income within Facilities Management.	-0.529

Economy and Growth Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Rural & Culture Pressures		New		Reduction in visitor numbers at Tatton Park of over 20% in addition to inflationary increases in energy, materials as well as increases across supplies and services and premises costs. There is also an ongoing shortfall in Public Path Order income due to Covid.	0.491
				Rural & Culture Mitigating Actions		New		Mitigating actions to offset pressures are largely vacancies across the service and a reserve release for Tatton Park.	-0.359
				Housing Mitigating Actions		New		Small Covid pressure £7,000 due to cleaning costs, offset by mitigating actions including vacancies and drawing down grant from balance sheet.	-0.387
				Economic Development Mitigating Actions		New		Mitigating actions to offset pressures, largely vacancies.	-0.187
<b>Total</b>	<b>33.0</b>	<b>-9.4</b>	<b>23.6</b>		<b>1.730</b>				<b>0.191</b>

### 3. Corporate Grants Register

Table 1 – Corporate Grants Register

Grants 2022/23	Revised Forecast FR1 2022/23 £000	Latest Forecast 2022/23 £000	Change from FR1 2022/23 £000	Treatment of Grant  <i>Notes 2 - 5</i>
<b>ECONOMY &amp; GROWTH</b>				
Specific Use (Held within Services)	2,392	3,439	1,047	
General Purpose (Held Corporately)				
<b>TOTAL ECONOMY &amp; GROWTH</b>	<b>2,392</b>	<b>3,439</b>	<b>1,047</b>	

Notes

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

2 SRE - Supplementary Revenue Estimate requested by relevant service.

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

4 Reserves - transfer to reserves at year end.

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

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

3.4 The increase in specific grants relates mainly to increases in the Rough Sleeping and Local Enterprise Partnership (LEP): Skills Bootcamp grant.

3.5 Requests for the allocation of the additional specific grants received are detailed in **Table 2** and **Table 3**.

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

**Table 2 – Note that Council will be asked to Approve Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Use) Over £1m**

Committee	Type of Grant	£000	Details
Economy and Growth	Local Enterprise Partnership (LEP): Skills Bootcamp  (Specific Purpose)	1,037	<p>This grant is from the Department for Education. This funding is to arrange for the delivery, management and funding of Skills Bootcamps within the geographical area, and in neighbouring areas with agreement with relevant local authorities. The Skills Bootcamps shall be aligned to employer needs and directly linked to employment opportunities with outcomes to be delivered a maximum of 6 months following the agreement end date.</p> <p>Skills Bootcamps are free, flexible courses of up to 16 weeks for adults aged 19 or over. They give people the opportunity to build up valuable sector-specific skills based on local employer demand and provide a direct path to a job on completion. <a href="https://publishing.service.gov.uk">Skills Bootcamps (publishing.service.gov.uk)</a></p>
<b>Specific Purpose Allocations less than £500,000</b>		<b>1,037</b>	

**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	Rough Sleeping Initiative (Specific Purpose)	10	Increase on Financial Review 1 forecast. This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). Funding has been used to establish or continue Rough Sleeping Initiative services agreed by the Department for Levelling Up, Housing and Communities (DLUHC) to immediately intervene in, prevent and reduce rough sleeping. <a href="https://www.gov.uk/publishing.service.gov.uk">Rough Sleeping Initiative: 2022 to 2025 funding allocations - GOV.UK (publishing.service.gov.uk)</a>
<b>Specific Purpose Allocations less than £500,000</b>		<b>10</b>	

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Economy and Growth Committee</b>		
Growth and Enterprise	479	202



## 5. Capital Strategy

### Economy and Growth

### CAPITAL

#### CAPITAL PROGRAMME 2022/23- 2025/26

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2022/26 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Culture &amp; Tourism</b>													
Archive Option Development	396	293	103	-	-	-	103					103	103
Countryside Capital Projects	605	601	4	-	-	-	4	4					4
Countryside Vehicles	999	0	-	702	167	130	999					999	999
Public Rights of Way - CMM A6 MARR	100	2	5	93	-	-	98	98					98
Public Rights of Way - Flood Damage Investment	63	15	48	-	-	-	48					48	48
Public Rights of Way - Capital Works	860	770	91	-	-	-	91	91					91
Rural & Green Section 106 Schemes	50	16	34	-	-	-	34		34				34
Tatton Park Investment Phase 2	1,969	0	1,259	710	-	-	1,969					1,969	1,969
<b>Economic Development</b>													
Connecting Cheshire 2020	7,238	0	3,000	2,500	738	1,000	7,238	7,655				-417	7,238
Connecting Cheshire Phase 2	883	0	-	-	-	883	883		313			570	883
Connecting Cheshire	595	0	-	-	-	595	595		48			547	595
Crewe Town Centre Regeneration	32,019	11,940	3,474	14,573	-	2,031	20,078	665				19,413	20,078
Demolition of Crewe Library Site	2,765	13	305	1,077	1,370	-	2,752	1,229				1,523	2,752
Future High Street Funding - CEC Innovation Centre	1,169	58	517	594	-	-	1,111	1,111					1,111
Future High Street Funding - Christ Church Innovation Centre	1,934	71	504	1,359	-	-	1,863	1,863					1,863
Leighton Green	2,096	1,455	75	266	300	-	640					640	640
Macclesfield Town Centre	2,219	1,767	252	200	-	-	452					452	452
North Cheshire Garden Village	64,707	5,491	900	13,994	30,621	13,702	59,216	21,950			21,233	16,034	59,216
Red Roofs Hole Farm Alderley Edge - Acquisition	15	12	3	-	-	-	3					3	3
Public Sector Decarbonisation Fund - Substation	120	60	60	-	-	-	60	60					60
Public Sector Decarbonisation Fund - Cledford	165	160	5	-	-	-	5	5					5
South Macclesfield Development Area	34,630	3,089	895	1,745	19,333	9,568	31,541	10,838	10,000		9,568	1,135	31,541

## CAPITAL PROGRAMME 2022/23- 2025/26

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2022/26 £000	Forecast Funding					Total Funding £000	
			Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000		
Committed Schemes														
Estates														
Corporate Landlord - Operational	1,027	963	65	-	-	-	65						65	65
Farms Strategy	1,710	0	184	218	218	1,090	1,710						1,710	1,710
Malkins Bank Landfill Site	1,360	511	200	649	-	-	849						849	849
Public Sector Decarbonisation Fund - FM 1	1,855	1,759	96	-	-	-	96	96						96
Public Sector Decarbonisation Fund - FM 2	604	389	216	-	-	-	216	216						216
Premises Capital (FM)	14,663	0	5,032	3,662	3,500	2,469	14,663						14,663	14,663
Schools Capital Maintenance	2,582	0	1,767	815	-	-	2,582	2,291					291	2,582
Septic Tanks	636	250	387	-	-	-	387						387	387
Housing														
Astbury Marsh Caravan Park	247	143	104	-	-	-	104						104	104
Disabled Facilities Grant	10,871	0	3,845	2,342	2,342	2,342	10,871	9,943					928	10,871
Future High Street Funding - Chester Street	1,378	3	-	1,375	-	-	1,375	1,375						1,375
Future High Street Funding - Delamere Street	1,459	4	-	1,455	-	-	1,455	1,455						1,455
Green Homes Grants	3,890	769	3,121	-	-	-	3,121	1,452	1,669					3,121
Gypsy and Traveller Sites	3,701	1,246	1,237	1,218	-	-	2,455	700					1,755	2,455
Home Repairs for Vulnerable People	846	0	246	200	200	200	846						846	846
Social Housing Decarbonisation Fund	1,565	0	1,565	-	-	-	1,565	1,565						1,565
Sustainable Warmth - Home Upgrade Grant	3,289	4	3,285	-	-	-	3,285	3,285						3,285
Temporary Accommodation	958	300	658	-	-	-	658		318	340				658
Warm Homes Fund	239	173	66	-	-	-	66	66						66
Total Committed Schemes	208,477	32,326	33,606	49,747	58,788	34,010	176,151	68,012	12,381	340	30,801	64,617	176,151	
New Schemes														
Culture & Tourism														
Crewe Towns Fund - History Centre Public Realm	10	0	10	-	-	-	10	10						10
Crewe Towns Fund - Lyceum Powerhouse	260	0	260	-	-	-	260	260						260
New Archive Premises	10,250	0	-	4,100	5,699	451	10,250						10,250	10,250
Rural & Green Section 106 Schemes	24	0	24	-	-	-	24		24					24
Economic Development														
Connecting Cheshire Phase 3	8,000	0	500	1,500	2,000	4,000	8,000		8,000					8,000
Handforth Heat Network	13,710	0	-	9,910	2,000	1,800	13,710	5,420	4,890				3,400	13,710
Public Sector Decarbonisation Fund - FM 3	3,714	0	3,714	-	-	-	3,714	3,714						3,714
Crewe Towns Fund - Mill Street Corridor	140	3	137	-	-	-	137	137						137
Crewe Towns Fund	19,560	0	6,060	6,886	5,404	1,210	19,560	19,560						19,560
Housing														
Crewe Towns Fund - Warm and Health Homes	100	0	20	80	-	-	100	100						100
Total New Schemes	55,768	3	10,724	22,476	15,103	7,461	55,764	29,201	12,914	0	0	13,650	55,764	
Total Economy and Growth Schemes	264,244	32,329	44,330	72,223	73,891	41,471	231,915	97,213	25,295	340	30,801	78,267	231,915	

## 6. Reserves Strategy

### Economy and Growth Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
<b>Directorate</b>				
Place Directorate	1,684	(1,368)	316	To support a number of widespread projects within the Place Directorate. A significant number of these projects are expected to be fully utilised in year, with the remaining reserve to be fully used in 2023-24.
Investment (Sustainability)	680	(219)	461	To support investment that can increase longer term financial independence and stability of the Council.
<b>Growth and Enterprise</b>				
Legal Proceedings	285	(100)	185	To enable legal proceedings on land and property matters. Hard to gauge the pace of cases but this is the anticipated amount based on end of June costs.
Investment Portfolio	155	174	329	Total rent, fee costs and the amount the service are allowed to keep (£250k) all stay the same so anticipating a similar contribution to the reserve. Looked at the investment summary to determine 22-23 MRP and interest costs. 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	(130)	0	To cover costs of purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families. It is anticipated that this will be utilised in 2022-23, however this is dependent on the housing market and the availability of suitable properties.
Tatton Park Trading Reserve	111	(111)	0	Service anticipating utilising some of the funds although a decision on amount will be made later in the year once income trends become clearer. Early estimation it will be utilised for catering equipment renewal of £30k and a Glasshouse survey of £5k. Also available to be used to cover in year pressures outside of base budget in 2022-23 and future years. Note this is a ring fenced reserve.
Royal Arcade Crewe	99	(99)	0	Original purpose was to fund vacant possession related costs for the Royal Arcade until demolition. The balance will now be used to pay for ongoing maintenance costs for Crewe Bus station. FM pressures will mean that the reserve will be utilised in 2022-23; with costs of £45k at First Finance Review, it is anticipated to be fully drawn down in year.
<b>ECONOMY AND GROWTH TOTAL</b>	<b>3,144</b>	<b>(1,853)</b>	<b>1,291</b>	

# **Appendix 5 : Environment and Communities Committee**

## **Contents**

### **Environment and Communities Committee Extracts**

- 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy**
- 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 October 2022**
- 3. Corporate Grants Register**  
**Table 1: Environment and Communities Committee Grants**
- 4. Debt Management**
- 5. Capital Strategy**
- 6. Reserves Strategy**

## Appendix 5

### Environment and Communities Committee

#### 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Environment and Communities</b>				
Environment & Neighbourhood Service	44,373	10	(18)	44,365
	44,373	10	(18)	44,365

## 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 Oct 2022

Environment and Communities Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
Environment and Neighbourhood Services	54.7	-10.4	44.3	Pay Inflation	1.323	3&4	Red (will not achieve)	Represents current estimate of the impact on Committee services in excess of the MTFS, from a nationally negotiated pay award.	0.383
				Orbitas income and management fee	0.021	17	Green (on track and should achieve)		0.000
				Strategic Leisure Review	-0.250	18	Amber (on track but may not achieve all)	Engagement with CLT and Everybody to identify options to deliver savings. There are limited options to achieve required savings without reducing scope of services. The financial impact in 2022/23 is mitigated by an equivalent contribution by Public Health to the leisure commissioning budget. This has not been agreed for future years. There does however remain a pressure in Facilities Management (Economy & Growth Committee).	0.000

Environment and Communities Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Review of governance of ASDVs and seeking increased opportunities for savings / commercial opportunities	-0.100	20	Red (will not achieve)	This proposal is for the Council to receive a share of the profits from commercial activity undertaken by ANSA or Orbitas. This requires further negotiation between the Finance Sub-Committee (acting as shareholder) with the Council's wholly owned companies on payment of a dividend in 2022/23 from the retained earnings. Updated for 2021/22 proposal of £100k not achieved.	0.200
				CCTV migration to wireless networks	-0.085	10	Amber (on track but may not achieve all)	The procurement process has now begun following a 12 month delay. The delayed savings will be mitigated in 2022/23 via favourable variances elsewhere in Regulatory Services.	0.086
				Everybody Sport and Recreation Annual Management Fee	-0.042	21	Green (on track and should achieve)		0.000

Environment and Communities Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Regulatory Services and Environmental Health ICT procurement	-0.009	13	Amber (on track but may not achieve all)	The implementation of the new system has been delayed but the required savings will be mitigated via favourable variances in Regulatory Services.	0.000
				Waste Contract Inflation and Tonnage Growth	0.644	53	Green (on track and should achieve)		0.000
				Tree Risk Management	0.500	54	Green (on track and should achieve)		0.000
				Environment Strategy and Carbon Neutrality	0.020	56	Green (on track and should achieve)		0.000
				Investment in improving the customer experience in Planning Services	0.500	58	Green (on track and should achieve)	It is likely that not all of the temporary budget will be spent in 2022/23 and so there will be a request to carry forward the residual into 2023/24 to complete the implementation of the Planning Service Improvement Programme.	0.000



Environment and Communities Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Surplus / loss from CEC Services provided by Ansa		New		Increased waste tonnages as a legacy of Covid. This is resulting in increased crews, increased fuel, and increased disposal costs. It also means that legacy savings from the Route and Rota review following the move to the Environmental Hub are unrealisable. This has been partly mitigated in 2022/23 from higher recycling income. Further analysis is being undertaken to understand whether the rate of new houses being occupied compared to MTFS assumptions is a contributing factor. 22-23 Environment temporary impacts (mainly recycling income) - Temporary benefit in 22-23 only - Recycling income benefit of £1.410m plus HWRC contract benefits. Use of ANSA reserve (£0.3m)	0.457
				Environmental Hub maintenance		New		This reflects the increased costs of operating a modern facility. The shortfall has previously been funded by favourable variances in Facilities Management budgets.	0.306
				Ansa / Orbitas Directors		New		This saving from 2021/22 is not achievable as the Directors of Ansa continue to be remunerated.	0.040

Environment and Communities Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Renumeration					
				Markets business rates		New		Result of unoccupied market stalls.	0.032
				Orbitas inflation impact		New		In-year pressure.	0.051
				Bereavement Income surplus		New			-0.134
				Environment - other various		New		Commissioner mitigations.	-0.151
				Planning and Building Control income		New		There are proposals under planning reform to increase planning fees by 25-35% that may mitigate this pressure and it is unclear when these increases will take effect. The proposal is subject to consultation and legislative change.	1.080
				Planning and Building Control Mitigations		New		Mitigating actions to cover covid pressures above, predominantly vacancy savings.	-0.081

Environment and Communities Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Licensing income		New		There is a pressure on licensing income from taxi licensing. This reflects a reduction in the number of drivers following Covid.	0.029
				Public burials		New		Increased numbers of public burials.	0.016
				Regulatory Services mitigating actions		New		Mitigating actions to cover covid pressures above. These include vacancy savings, reduced mileage and increased income. Grants and the balance of a provision have also been released.	-0.224
				Libraries income		New		There has been a change in use of libraries since Covid lockdowns that has resulted in a reduction in income particularly from Adults.	0.165
				Libraries Mitigating Actions		New		Mitigating actions to cover Covid pressures above, predominantly vacancies £150k predicted variance.	-0.164
				Dir /Leisure/ EP/ ASB&CEO		New		Mitigating actions to improve outturn position.	-0.045
				Waste		New		Education on residual waste reduction Review Commissioner / Provider responsibilities (possible access to Ansa reserves / surplus from recycles).	

Environment and Communities Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Workforce		New		Revise vacancy forecasts to reflect recruitment difficulties. Slow down recruitment where feasible / safe. Use specific reserves for exit costs (per MTFS). Updated staffing forecasts reflecting current recruitment timescales have been built into figures on lines above.	
				Transformation		New		Use flexible receipts to capitalise costs of transformation - Planning Deep Dive	-0.160
<b>Total</b>	<b>54.7</b>	<b>-10.4</b>	<b>44.3</b>		<b>2.522</b>				<b>1.886</b>

### 3. Corporate Grants Register

Table 1 – Corporate Grants Register

Grants 2022/23	Revised Forecast FR1 2022/23 £000	Latest Forecast 2022/23 £000	Change from FR1 2022/23 £000	Treatment of Grant  <i>Notes 2 - 5</i>
<b>ENVIRONMENT &amp; COMMUNITIES</b>				
<b>Specific Use (Held within Services)</b>	387	387	0	
<b>General Purpose (Held Corporately)</b>				
Neighbourhood Planning Grant	10	10	0	
<b>TOTAL ENVIRONMENT &amp; COMMUNITIES</b>	<b>397</b>	<b>397</b>	<b>0</b>	

Notes

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

2 SRE - Supplementary Revenue Estimate requested by relevant service.

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

4 Reserves - transfer to reserves at year end.

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

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

corresponding expenditure budget within the allocated service area.

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

# 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Environment and Communities Committee</b>		
Environment and Neighbourhood Services	1,193	210

## 5. Capital Strategy

### Environment and Communities

### CAPITAL

#### CAPITAL PROGRAMME 2022/23-2025/26

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2022/26 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Environment Services</b>													
Bereavement Service Data System	35	0	35	0	0	0	35			35			35
Browns Lane, Wilmslow Play Area	570	541	29	0	0	0	29		29				29
Congleton Household Waste Recycling Centre Development	50	20	15	15	0	0	30					30	30
Crewe Towns Fund - Pocket Parks	20	3	18	0	0	0	18	18					18
Energy Improvements at Cledford Lane	985	825	160	0	0	0	160					160	160
Future High Street Funding - Sustainable Energy Network	2,577	150	2,427	0	0	0	2,427					2,427	2,427
Green Investment Scheme (Solar Farm)	3,950	64	3,886	0	0	0	3,886					3,886	3,886
Household Bins Schemes	50		50	0	0	0	50					50	50
Litter and Recycling Bins	152		50	50	52	0	152					152	152
Little Lindow Open Space Improvements		7	62	0	0	0	62		62				62
Macclesfield Cenotaph Planting	1	1	1	0	0	0	1		1				1
Nantwich Cemetery Roadway Extension	75	60	15	0	0	0	15			15			15
Newtown Outdoor Pitch Improvements	51	39	12	0	0	0	12		12				12
Newtown Sports Facilities Improvements	99	81	18	0	0	0	18		18				18
Park Development Fund	450		150	150	150	0	450					450	450
Pastures Wood	51	28	23	0	0	0	23			23			23
Pheasant Walk Play Area Improvements	18	9	9	0	0	0	9		9				9
Queens Park Lake Planting	18	17	1	0	0	0	1		1				1
Queens Park Play Area Improvements	200	100	100	0	0	0	100		100				100
Rotherhead Drive Open Space and Play Area	141	111	30	0	0	0	30		30				30
Victoria Park Pitch Improvements	29	5	24	0	0	0	24		24				24
Victoria Park Improvements	80	7	73	0	0	0	73		73				73

## CAPITAL PROGRAMME 2022/23-2025/26

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2022/26 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Neighbourhood Services</b>													
Congleton Leisure Centre	12,225	6,272	5,953	0		0	5,953					5,953	5,953
Crewe Towns Fund - Cumberland Arena	80		80	0	0	0	80	80					80
Crewe Towns Fund - Valley Brook Green Corridor	100	2	98	0	0	0	98	98					98
Macclesfield Leisure Centre Improvements	3,865	3,398	467		0	0	467					467	467
Middlewich Leisure Centre	60	6	54	0	0	0	54					54	54
Nantwich Pool Improvements	2,250	1,923	327	0	0	0	327					327	327
Libraries - Next Generation - Self Service	52		52	0	0	0	52					52	52
Poynton Leisure Centre	4,606	391		2,000	2,215	0	4,215					4,215	4,215
<b>Planning Services</b>													
Replacement Planning & Building	410	320	90		0	0	90					90	90
Regulatory Services & Environmental Health ICT System	313	240	73	0	0	0	73			49		25	73
Replacement CCTV Cameras	205	0	205	0	0	0	205			205			205
<b>New Schemes</b>													
<b>Environment Services</b>													
Chelford Village Hall Open Space and Sport Improvements	164	0	164	0	0	0	164		164				164
Household Waste Recycling Centres	860	0	500	360	0	0	860					860	860
Carbon Offset Investment	1,000	0	125	125	250	500	1,000					1,000	1,000
Fleet Vehicle Electric Charging	585	0	164	164	141	116	585					585	585
Solar Energy Generation	14,180	0	300	13,880		0	14,180					14,180	14,180
Hield Grove Play Area	21	0	21			0	21		19			2	21
Barony Skate Park Refurbishment	100	0	100			0	100	100					100
Pitch Improvements - Alderley Edge Park and Chorley Hall Lane Playing Fields	25	0	25			0	25		25				25
Woodland South of Coppice Way, Handforth	89	0	89			0	89		89				89
Over Peover Amenity Improvements	10	0	10			0	10		10				10
<b>Total Environment and Communities Schemes</b>	<b>50,802</b>	<b>14,617</b>	<b>16,087</b>	<b>16,744</b>	<b>2,808</b>	<b>616</b>	<b>36,254</b>	<b>296</b>	<b>668</b>	<b>327</b>	<b>0</b>	<b>34,964</b>	<b>36,254</b>



## 6. Reserves Strategy

### Environment and Communities Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
<b>Environment and Neighbourhood Services</b>				
Strategic Planning	568	(295)	273	To meet costs associated with the Local Plan - site allocations and minerals and waste DPD.
Trees / Structures Risk Management	202	(52)	150	New reserve to respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Spatial Planning - revenue grant	89	(47)	42	
Neighbourhood Planning	82	(71)	11	
Air Quality	36	(36)	0	Air Quality Management - DEFRA Action Plan.
Street Cleansing	26	(26)	0	Committed expenditure on voluntary litter picking equipment and electric blowers, due to be fully utilised in 2022-23.
Custom Build & Brownfield Register	19	(19)	0	
Community Protection	17	(17)	0	
Licensing Enforcement	15	(15)	0	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
Flood Water Management (Emergency Planning)	2	0	2	Plans to draw down the reserve in 2023/24 relating to Public Information Works.
<b>ENVIRONMENT AND COMMUNITIES TOTAL</b>	<b>1,056</b>	<b>(578)</b>	<b>478</b>	

# **Appendix 6 : Finance Sub-Committee**

## **Contents**

- 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy (Finance Sub Committee Extract)**
- 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 October 2022 (Finance Sub Committee Extract)**
- 3. Corporate Grants Register**
  - Table 1: Supplementary Estimates for Committee to Note**
  - Table 2: Delegated Decisions for Committee to Note**
  - Table 3: Summary of Grants**
  - Table 4: Finance Sub-Committee Grants**
- 4. Debt Management**
- 5. Capital Strategy**
  - Table 1: Financial Parameters**
  - Table 2: Capital Programme Summary**
  - Table 3: Capital Programme Update**

**Table 4: Delegated Decisions for Committee to Note**

**Table 5: Capital Supplementary Estimates and Virements for Finance Sub-Committee to Approve**

**Table 6: Capital Supplementary Estimates and Virements for Committee to Note**

**Table 7: Capital Budget Reductions for Committee to Note**

## **6. Reserves Strategy**

# Appendix 6

## Finance Sub-Committee

### 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Finance Sub-Committee Central Budgets</b>				
Capital Financing	19,000	-	(57)	18,943
Corporate Contributions / Central Budgets	(5,198)	-	515	(4,683)
Contribution to / from Reserves	1,305	-	(4,081)	(2,776)
	15,107	-	(3,623)	11,484
<b>Finance Sub-Committee - Central Budgets Funding</b>				
Business Rates Retention Scheme	(49,086)	-	-	(49,086)
Specific Grants	(23,962)	(662)	-	(24,624)
Council Tax	(254,682)	-	-	(254,682)
Sourced from Collection Fund	-	-	-	-
<b>TOTAL CENTRAL BUDGETS FUNDING</b>	<b>(327,730)</b>	<b>(662)</b>	<b>-</b>	<b>(328,392)</b>

## 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 Oct 2022

Finance Sub Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
Central & Funding	16.5	-333.3	-316.9	Minimum Revenue Provision	5.000		Green (on track and should achieve)		0.000
				Central Pension adjustment	-2.500		Green (exceeding)	Additional pension income due to reduced payover.	-0.985
				Bad Debt Provision	0.200		Green (on track and should achieve)		0.000
				Use of Earmarked Reserves	0.030		Green (on track and should achieve)	Use of COVID-19 reserve.	-5.989
				Increased Council Tax Base 2.99% increase	-7.306		Green (on track and should achieve)		0.000
				Increased Council Tax Base – Taxbase changes and New Homes	-4.527		Green (on track and should achieve)		0.000

Finance Sub Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Un-ringfenced grant changes	-4.797		Green (on track and should achieve)		0.000
				Capital Finance Budget		New		Only utilise receipts aligned to MTFS, use excess to fund revenue transformation. Reprofile Capital Programme to absorb inflation. Review Treasury Management Strategy to manage borrowing.	
				Reserves		New		Review transfers between MTFS reserve and General Reserve. Challenge purpose of unused earmarked reserves.	
				Pensions		New		Revise forecast to reflect triennial review and current funding position.	
<b>Total</b>	<b>16.5</b>	<b>-333.3</b>	<b>-316.9</b>		<b>-13.900</b>				<b>-6.974</b>

## 3. Corporate Grants Register

### Government Grant Funding of Local Expenditure

- 3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2022/23 was £251.6m.
- 3.2 In 2022/23 Cheshire East Council's specific use grants held within the services was budgeted to be £227.6m based on Government announcements to February 2022.
- 3.3 The position at October Financial Review has seen an increase in specific use grants of £2.7m to £296.1m. The main factors influencing this revised increased position are as follows:
- Local Enterprise Partnership (LEP): Skills Bootcamp  
+£1.0m
- 3.4 The allocation of the additional specific grants received which are over £1.0m are detailed in **Table 1** and Council will be asked to approve the supplementary revenue estimates.
- 3.5 Spending in relation to specific use grants must be in line with the purpose for which it is provided.
- 3.6 General purpose grants were budgeted to be £24.0m. Further in-year grant announcements have increased the amount received to £38.5m at Financial Review 1 (an increase of £14.5m). At October Financial Review this has remained the same with a small increase of £13,000.
- 3.7 This increase relates to a new burden grant for Pavement Licensing. Requests for the allocation of the additional general purpose grants received are detailed in **Table 2**.
- 3.8 **Table 3** provides a summary of the updated budget position for grants in 2022/23 by type and service.
- 3.9 Further details of general purpose grants are shown in **Table 4**, the Corporate Grants Register.

**Table 1 – Note that Council will be asked to Approve Supplementary Revenue Estimates of Additional Grant Funding (Specific Purpose) over £1m**

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee  (Expenditure: Economy and Growth)	Local Enterprise Partnership (LEP): Skills Bootcamp  (Specific Purpose)	1,037	<p>This grant is from the Department for Education. This funding is to arrange for the delivery, management and funding of Skills Bootcamps within the geographical area, and in neighbouring areas with agreement with relevant local authorities. The Skills Bootcamps shall be aligned to employer needs and directly linked to employment opportunities with outcomes to be delivered a maximum of 6 months following the agreement end date.</p> <p>Skills Bootcamps are free, flexible courses of up to 16 weeks for adults aged 19 or over. They give people the opportunity to build up valuable sector-specific skills based on local employer demand and provide a direct path to a job on completion. <a href="https://publishing.service.gov.uk">Skills Bootcamps (publishing.service.gov.uk)</a></p>
<b>Total Specific Purpose Allocation for Council Approval</b>		<b>1,037</b>	



**Table 2 – Note Delegated Decision - Supplementary Revenue Estimates for Allocation of Additional Grant Funding (General Purpose) £500,000 or less**

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure: Highways and Transport)	Pavement Licensing - New Burdens  (General Purpose)	13	This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). New Burden grant relating to the introduced temporary measures through the Business and Planning Act 2020 to support businesses selling food and drink during the economic recovery while social distancing guidelines remain in place. The bill streamlines the process of obtaining permission for the placing of tables and chairs outside a business on the pavement.
<b>General Purposes Allocations less than £500,000</b>		<b>13</b>	

**Table 3 - Summary of Grants**

Grants 2022/23	Original Budget	Revised Forecast FR1	Latest Forecast	Change from FR1
	2022/23 £m	2022/23 £m	2022/23 £m	2022/23 £m
<b>SPECIFIC USE</b>				
<b>TOTAL SPECIFIC PURPOSE</b>	<b>227.6</b>	<b>293.5</b>	<b>296.1</b>	<b>2.7</b>
<b>GENERAL PURPOSE</b>				
Children and Families	0.0	0.5	0.5	0.0
Adults and Health	12.5	12.5	12.5	0.0
Economy and Growth	0.0	0.0	0.0	0.0
Environment and Communities	0.0	0.0	0.0	0.0
Highways and Transport	0.0	0.0	0.0	0.0
Corporate Policy	11.5	25.5	25.5	0.0
<b>TOTAL GENERAL PURPOSE</b>	<b>24.0</b>	<b>38.5</b>	<b>38.5</b>	<b>0.0</b>
<b>TOTAL GRANT FUNDING</b>	<b>251.6</b>	<b>332.0</b>	<b>334.7</b>	<b>2.7</b>

Source: Cheshire East Finance

**Table 4 – Corporate Grants Register**

General Purpose Grants 2022/23 (Held Corporately)	Revised Forecast FR1	Latest Forecast	Change from FR1	Treatment of Grant
	2022/23 £000	2022/23 £000	2022/23 £000	Notes 2 - 5
<b>CHILDREN &amp; FAMILIES</b>				
Staying Put Implementation Grant	130	130	0	
Extended Rights to Free Transport (Home to School Transport)	250	250	0	
Extended Personal Adviser Duty Implementation	57	57	0	
Extension of the role of Virtual School Heads	61	61	0	
<b>ADULTS &amp; HEALTH</b>				
Social Care Support Grant	11,341	11,341	0	
Independent Living Fund	861	861	0	
Local Reform & Community Voices	213	213	0	
Social Care in Prisons	71	71	0	
War Pension Scheme Disregard	56	56	0	
<b>ENVIRONMENT &amp; COMMUNITIES</b>				
Neighbourhood Planning Grant	10	10	0	
<b>HIGHWAYS &amp; TRANSPORT</b>				
Pavement Licensing - New Burdens	0	13	13	SRE
<b>CORPORATE POLICY</b>				
Housing Benefit Administration Subsidy	736	736	0	
Council Tax Support Administration Subsidy	345	345	0	
NNDR Administration Allowance	587	587	0	
Revenue Support Grant	7	7	0	
New Homes Bonus	6,614	6,614	0	
Lower Tier Services Grant	360	360	0	
Services Grant	2,932	2,932	0	
Business Rates Reliefs Compensation Grant 2022/23	13,890	13,890	0	
<b>TOTAL</b>	<b>38,521</b>	<b>38,534</b>	<b>13</b>	

## 4. Debt Management

- 4.1 Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £0.8m since the end of June.
- 4.2 Annually, the Council raises invoices with a total value of over £90m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.
- 4.3 The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
- 4.4 The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor).
- 4.5 After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of August 2022 was £11.4m.

- 4.6 The total amount of service debt over six months old is £6.3m; provision of £7.8m has been made to cover doubtful debt in the event that it needs to be written off.

### DEBT SUMMARY

	Outstanding Debt £000	Over 6 months old £000
<b>Adults and Health Committee</b>		
Adults, Public Health and Communities	8,467	5,092
<b>Children and Families Committee</b>		
Children's Social Care (Incl. Directorate)	8	6
Education and 14-19 Skills	70	-
Prevention and Early Help	9	-
Schools	47	-
<b>Highways and Transport Committee</b>		
Highways and Infrastructure	928	753
<b>Economy and Growth Committee</b>		
Growth and Enterprise	479	202
<b>Environment and Communities Committee</b>		
Environment and Neighbourhood Services	1,193	210
<b>Corporate Policy Committee</b>		
Finance and Customer Services	76	40
Governance and Compliance	3	-
Human Resources	2	-
ICT	90	4
	<b>11,372</b>	<b>6,307</b>

## 5. Capital Strategy

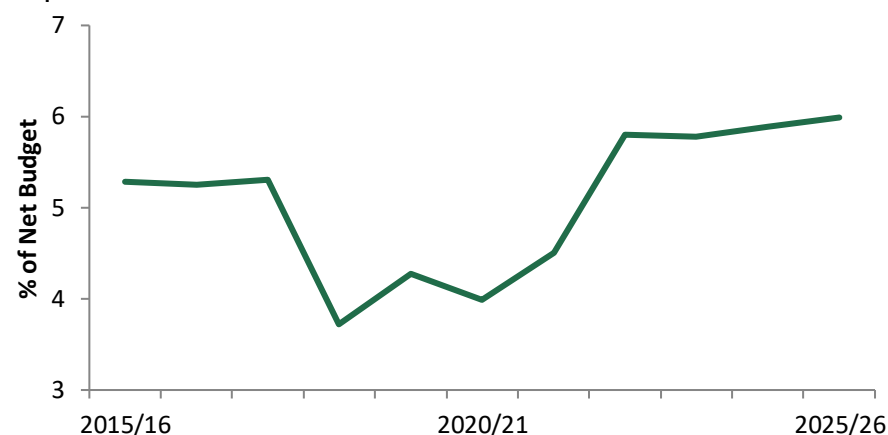
Table 1: Financial Parameters for 2021/22 to 2024/25

Parameter	Value (£m)			
	2022/23	2023/24	2024/25	2025/26
<b>Repayment of Borrowing</b>				
Minimum Revenue Provision*	15.3	18.6	21.8	23.3
External Loan Interest	5.6	5.4	5.4	5.4
Investment Income	(1.9)	(1.8)	(1.8)	(1.8)
Contributions from Services Revenue Budgets	(1.2)	(1.6)	(2.2)	(2.4)
Total Capital Financing Costs	17.8	20.6	23.2	24.5
Use of Financing EMR	1.2	(1.6)	(3.2)	(3.5)
Actual CFB in MTFS	19.0	19.0	20.0	21.0
Capital Receipts targets*	1.0	1.0	1.0	1.0
Flexible use of Capital Receipts	0	0	0	0

\*Anticipated MRP based on achieving capital receipts targets

### Repayment of Borrowing

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



- 5.3 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is reported as part

of the MTFS report and Outturn report. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

- 5.4 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in **Appendix 8** of this report.
- 5.5 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short term interest rates are currently much lower than long term rates this is likely to be more cost effective.

### **Contributions from Services**

- 5.6 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium Term Financial Strategy (MTFS).
- 5.7 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.
- 5.8 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach

to funding such costs must be approved as part of the business planning process before the scheme can commence.

- 5.9 The Council's strategy is to use revenue contributions of £7.4m over the next four financial years to finance the Capital Programme to reduce the overall Capital Financing Budget. These contributions come from: £3.0m from the Investment Portfolio; £1.4m contribution from schools towards the schools transformation programme; £1.3m from Everybody Health and Leisure for the improvements to the Council's leisure facilities; £1.3m electric vehicle charging and the Green Investment schemes, £0.2m from Countryside Services for the vehicle replacement programme upgrade, £0.1m from the Azure Microsoft project and £0.1m from the Children's Home Sufficiency project.

### **Use of Financing Earmarked Reserve**

- 5.10 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.
- 5.11 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any variance to the Capital Finance Budget (CFB) within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also recommend appropriate use of the Financing Earmarked Reserve over the period.
- 5.12 The Council's current strategy is to draw-down up to £7.1m from the Financing Earmarked Reserve for the period 2022/23 to 2025/26.

## Capital Programme – Review Position

- 5.13 Since the First Financial Review the Capital Programme has increased by £59.0m for the next four year period and future years.
- 5.14 As a result of a programme wide review of the capital programme to establish the ongoing impact of the rise of inflation on the programme, a number of Supplementary Capital Estimates have been requested so that the schemes can still be delivered within the expected timescales and will therefore reduce further costs arising if the schemes are delayed.
- 5.15 The schemes in the main are the large construction schemes that have felt the largest impact, namely the A500 Dualling, North Cheshire Garden Village, Northwest Crewe Package and a number of the road improvement schemes such as Managing and Maintaining the Highway. There is also a Supplementary Capital Estimate to replenish the Strategic Capital Projects Allocation for £11.087m. Full details are listed in tables 5 and 6 of this report. **Table 2** below shows a summary of the changes.

**Table 2: Summary Capital Programme**

	First Review Budget	SCEs/ Virements in Quarter	Budget Reductions	SCEs/ Virements	Revised Budget
	2022/26 £m	2022/26 £m	2022/26 £m	2022/26 £m	2022/26 £m
Adults, Health & Integration	0.5		0	0	0.5
Children and Families	116.1		0	-	116.1
Place Directorate	543.0	18.4	(0.1)	48.9	610.2
Corporate Directorate	44.2	(18.4)	0	11.0	36.8
	<b>703.3</b>	<b>-</b>	<b>(0.1)</b>	<b>59.9</b>	<b>763.6</b>

- 5.16 The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 3**.
- 5.17 **Table 4** details requests of Supplementary Capital Estimates (SCE) up to and including £250,000 and Capital Virements up to and including £100,000 approved by delegated decision which are included for noting purposes only.
- 5.18 **Table 5** lists details of Capital Supplementary Estimates over £250,000 and up to £1,000,000 and Capital Virements over £100,000 and up to and including £5,000,000 that requires Committee to approve.
- 5.19 **Table 6** lists details of Capital Supplementary Estimates over £1,000,000 and Capital Virements over £5,000,000 that requires Committee to make a recommendation to Council to approve.
- 5.20 **Table 7** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.
- 5.21 Prudential Indicators are shown at the end of this section.
- 5.22 Capital programme detail is shown in other service committee **Appendices 1-7, Section 5**.

**Table 3: Capital Programme Update**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY					
CAPITAL PROGRAMME 2022/23 - 2025/26					
	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Total Forecast 2022-26 £000
<b>Committed Schemes - In</b>					
Adults, Health and Integration	84	389	0	0	473
Children and Families	17,421	37,593	6,030	285	61,329
Place	114,336	95,823	104,098	154,855	469,112
Corporate	10,919	8,650	8,514	5,642	33,725
<b>Total Committed Schemes -</b>	<b>142,760</b>	<b>142,455</b>	<b>118,642</b>	<b>160,782</b>	<b>564,639</b>
CAPITAL PROGRAMME 2022/23 - 2025/26					
	Actuals 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Total Forecast 2022-26 £000
<b>New Schemes</b>					
Adults, Health and Integration	0	0	0	0	0
Children's Services	3,200	17,308	16,643	17,700	54,851
Place	32,527	52,562	31,675	24,120	140,884
Corporate	1,137	1,550	474	0	3,161
<b>Total New Schemes</b>	<b>36,864</b>	<b>71,420</b>	<b>48,792</b>	<b>41,820</b>	<b>198,896</b>
<b>Total</b>	<b>179,624</b>	<b>213,875</b>	<b>167,434</b>	<b>202,602</b>	<b>763,535</b>



# CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

## CAPITAL PROGRAMME 2022/23 - 2025/26

	Actuals 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Total Forecast 2022-26 £000
<b>Funding Requirement</b>					
<b>Indicative Funding</b>					
<b>Analysis:</b> (See note 1)					
Government Grants	94,670	117,787	76,953	65,869	355,279
External Contributions	18,641	21,609	32,541	50,014	122,805
Revenue Contributions	1,152	56	0	0	1,208
Capital Receipts	1,000	2,248	23,032	11,835	38,115
Prudential Borrowing (See note 2)	64,161	72,175	34,908	74,884	246,128
<b>Total</b>	<b>179,624</b>	<b>213,875</b>	<b>167,434</b>	<b>202,602</b>	<b>763,535</b>

### Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next four years 2022-2026 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

### Note 2:

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

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

Service / Capital Scheme	Amount Requested	Reason and Funding Source
£		
<b>Supplementary Capital Estimates that have been made up to £250,000</b>		
<b>Highways &amp; Transport</b>		
Future High Street Funding - Adaptive Signals	203,171	Additional budget to be funded from Section 106 Highways Contribution
<b>Total Supplementary Capital Estimates Requested</b>	<b>203,171</b>	
<b>Total Supplementary Capital Estimates and Virements</b>		
	203,171	

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

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Finance Sub Committee are asked to approve the Supplementary Capital Estimates and Virements</b>		
<b>Supplementary Capital Estimates above £250,000 up to and including £1,000,000</b>		
<b>Highways &amp; Transport</b>		
Safer Road Schemes	436,000	These schemes were identified as part of a review of the capital programme to require additional budgets as a result in the increase in inflation. The increase will be funded by Prudential Borrowing but if further external contributions are received this funding will replace the need for the Council to fund these costs
S106 Basford West Footway/Cycleway	357,986	To be funded from S106 Agreement Footpath & Cycleway contribution.
<b>Total Supplementary Capital Estimates Requested</b>	<b>793,986</b>	
<b>Total Supplementary Capital Virements</b>	<b>793,986</b>	

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

Service	Amount Requested	Reason and Funding Source
£		
Supplementary Capital Estimates over £1,000,000		
Highways & Transport		
A500 Dualling	20,755,000	These schemes were identified as part of a review of the capital programme to require additional budgets as a result in the increase in inflation. The increase will be funded by Prudential Borrowing but if further external contributions are received this funding will replace the need for the Council to fund these costs themselves.
Maintenance Block - LTP	6,235,000	
Managing and Maintaining Highways	2,300,000	
Northwest Crewe Package	2,042,000	
Economy & Growth		
North Cheshire Garden Village	15,817,000	
Finance and Customer Services		
Strategic Capital Projects	11,087,000	To replenish the Strategic Capital projects allocation to fund future strategic projects . This will be funded by Prudential Borrowing
Total Supplementary Capital Estimates Requested	58,236,000	
Total Supplementary Capital Estimates and Virements	58,236,000	

## Table 7: Capital Budget Reductions

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
<b>Finance Sub Committee are asked to note the reductions in Approved Budgets</b>				
<b>Strong Start, Family Help &amp; Integration</b>			0	
<b>Highways and Infrastructure</b>				
Macclesfield Movement Strategy	100,000	30,919	69,081	The remaining funding is Local Transport Plan grant and will be transferred to the Flowerpot Phase 1 & pinch point project to reduce Cheshire East requirements. This work is now complete, remaining Revenue contribution will no longer be required.
Replace Route Planning System	195,000	187,980	7,020	
	<b>295,000</b>	<b>218,899</b>	<b>76,101</b>	

## Prudential Indicators revisions to: 2021/22 and 2022/23 – 2024/25, and future years

### Background

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

### Estimates of Capital Expenditure

- 5.24 In 2022/23, the Council is planning capital expenditure of £179.6m as summarised below.

Capital Expenditure	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Future years £m
<b>Total</b>	84.5	179.6	213.9	167.4	202.6

Source: Cheshire East Finance

### Capital Financing

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

Capital Financing	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Future years £m
Capital receipts	2.6	1.0	2.2	23.3	11.8
Government Grants	37.9	94.7	117.8	77.0	65.9
External Contributions	4.0	18.6	21.6	32.5	50.0
Revenue Contributions	0.6	1.2	0.1	0.0	0.0
<b>Total Financing</b>	<b>45.1</b>	<b>115.5</b>	<b>141.7</b>	<b>132.8</b>	<b>127.7</b>
Prudential Borrowing	39.4	64.1	72.2	34.6	74.9
<b>Total Funding</b>	<b>39.4</b>	<b>64.1</b>	<b>72.2</b>	<b>34.6</b>	<b>74.9</b>
<b>Total Financing and Funding</b>	<b>84.5</b>	<b>179.6</b>	<b>213.9</b>	<b>167.4</b>	<b>202.6</b>

Source: Cheshire East Finance

### Replacement of debt finance

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

Replacement of debt finance	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Future Estimate £m
<b>Total</b>	<b>13.5</b>	<b>15.3</b>	<b>18.6</b>	<b>21.8</b>	<b>23.3</b>

Source: Cheshire East Finance

### Estimates of Capital Financing Requirement

- 5.27 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to

replace debt. The CFR is expected to increase by £45m during 2022/23. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Future Estimate £m
<b>Total</b>	<b>425</b>	<b>470</b>	<b>524</b>	<b>529</b>	<b>575</b>

Source: Cheshire East Finance

### Asset disposals

- 5.28 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.8m of capital receipts from asset sales in the coming financial years as follows.

Capital Receipts	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Future Estimate £m
Asset Sales	2.3	1.0	1.0	1.0	1.0
Loans Repaid	0.3	0.2	0.2	0.2	0.2
<b>Total</b>	<b>2.6</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

Source: Cheshire East Finance

### Gross Debt and the Capital Financing Requirement

- 5.29 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting and the Council therefore seeks to strike a balance between cheap short term loans (currently available at around 1.9%) and long term fixed rate loans where the future cost is known but higher (currently 2.8%– 3.20%).

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

Gross Debt and the Capital Financing Requirement	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Future Estimate £m
Borrowing	181	77	77	77	77
Finance Leases	0	0	0	0	0
PFI Liabilities	23	19	18	17	17
<b>Total Debt</b>	<b>204</b>	<b>96</b>	<b>95</b>	<b>94</b>	<b>94</b>
Capital Financing Req.	<b>425</b>	<b>470</b>	<b>524</b>	<b>529</b>	<b>575</b>

Source: Cheshire East Finance

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

### Liability Benchmark

- 5.32 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year end. This benchmark is currently £142m and is forecast to rise to £409m over the next four years.

Borrowing and the Liability Benchmark	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Future Estimate £m
Outstanding Debt	181	77	77	77	77
Liability Benchmark	142	254	340	356	409

Source: Cheshire East Finance

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

#### Affordable borrowing limit

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

	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m
Authorised Limit for Borrowing	435	480	540	540	590
Authorised Limit for Other Long-Term Liabilities	23	19	18	17	17
<b>Authorised Limit for External Debt</b>	<b>458</b>	<b>499</b>	<b>558</b>	<b>557</b>	<b>607</b>
Operational Boundary for Borrowing	425	470	530	530	580
Operational Boundary for Other Long-Term Liabilities	23	19	18	17	17
<b>Operational Boundary for External Debt</b>	<b>448</b>	<b>489</b>	<b>548</b>	<b>547</b>	<b>597</b>

Source: Cheshire East Finance

#### Investment Strategy

5.35 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

5.36 The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	31/03/22 Actual £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m
Short term	20	20	20	20	20
Long term	34	20	20	20	20
<b>Total Investments</b>	<b>54</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>

Source: Cheshire East Finance

5.37 Further details on treasury investments are in pages of the Treasury Management Strategy, **Appendix 8**.

5.38 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

5.39 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Appendix 9**.



5.40 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by an investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Ratio of Financing Costs to Net Revenue Stream	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	Future Estimate
Financing Costs (£m)	14.0	19.0	19.0	20.0	21.0
Proportion of net revenue stream %	<b>4.50</b>	<b>5.78</b>	<b>5.77</b>	<b>5.89</b>	<b>5.99</b>

Source: Cheshire East Finance

5.41 Further details on the revenue implications of capital expenditure are on paragraphs 108-129 of the 2022-26 Medium Term Financial Strategy (**Appendix C**).

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

## 6. Reserves Strategy

### Management of Council Reserves

- 6.1 The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
- 6.2 The opening balance at 1 April 2022 in the Council's General Reserves was £12.6m, as published in the Council's Statement of Accounts for 2021/22.
- 6.3 During 2022/23, an additional £2.3m is forecast to be transferred into the General Reserves to provide further protection against emerging risks such as inflation and particularly the DSG deficit, which was highlighted in the MTFS as having no alternative funding.
- 6.4 The Council also maintains Earmarked Revenue Reserves for specific purposes. At 31 March 2022 balances on these reserves stood at £80.9m, excluding balances held by Schools.
- 6.5 Unspent schools budgets that have been delegated, as laid down in the Schools Standards Framework Act 1998, remain at the disposal of the school and are not available to the Council to use.
- 6.6 The Collection Fund Reserve includes the appropriation of £12.4m S31 grant, received from DLUHC. This increase is as a result of a timing difference, with the grant being received in 2021/22 to fund the deficit that will be released in 2022/23.
- 6.7 During 2022/23, an estimated £28.8m will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and

funding. The closing balance at 31 March 2023 is forecast at £52.1m.

- 6.8 At the end of 2018/19, a central contingency referred to as the MTFS (Medium Term Financial Strategy) Reserve was created to support in-year pressures against the revenue budget. Use of this Earmarked Reserve has been subject to approval of robust business cases.
- 6.9 At 31 March 2022, the opening balance on the MTFS reserve stood at £10.7m. In-year forecasts anticipate £3.2m of this reserve to be utilised in year, resulting in a closing balance at 31 March 2023 of £7.5m.
- 6.10 The first review position presents a pressure of £11.6m (to within budget by 3.5%). Any variation to budget at year-end will be managed through the Council's Medium Term Financial Strategy Earmarked Reserve in the first instance prior to using the General Reserve.

**Table 1 – Reserves Position**

	£m
General Reserve	14.9
Earmarked Reserves (excluding Schools)	52.1
<b>Total Reserves Balance at 31 March 2021</b>	<b>67.0</b>

- 6.11 Details of individual reserves are shown in the relevant Service Committee appendix and in summary in **Table 2**.

**Table 2 – Earmarked Reserves Summary**

Committee Reserves	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000
Adults and Health Committee	7,646	(1,417)	6,229
Children and Families Committee	4,032	(391)	3,641
Corporate Policy Committee	63,114	(23,478)	39,636
Economy and Growth Committee	3,144	(1,853)	1,291
Environment and Communities Committee	1,056	(578)	478
Highways and Transport Committee	1,936	(1,156)	780
<b>TOTAL EARMARKED RESERVES MOVEMENT</b>	<b>80,928</b>	<b>(28,873)</b>	<b>52,055</b>

*\*Excluding schools' balances*

# **Appendix 7 : Highways and Transport Committee**

## **Contents**

### **Highways and Transport Committee Extracts**

- 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy**
- 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 October 2022**
- 3. Corporate Grants Register**
  - Table 1: Highways and Transport Committee Grants**
  - Table 2: Delegated Decisions for Committee to Note**
  - Table 3: Allocation of Additional Grant Expenditure for Committee to Note**
- 4. Debt Management**
- 5. Capital Strategy**
- 6. Reserves Strategy**

# Appendix 7

## Highways and Transport Committee

### 1. Changes to Revenue Budget 2022/23 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Highways and Transport</b>				
Highways & Infrastructure	11,802	-	1,977	13,779
	11,802	-	1,977	13,779

## 2. Action Plan 2022/23 as reported to Corporate Policy Committee 6 Oct 2022

Highways and Transport Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
Highways and Infrastructure	23.7	-9.9	13.8	Pay Inflation	0.183	3&4	Red (will not achieve)	Represents current estimate of the impact on Committee services in excess of the MTFS, from a nationally negotiated pay award.	0.053
				ASDV Review (TSS)	-0.125	20	Amber (on track but may not achieve all)	TSS transition has been completed, with teams brought in-house. Re-procurement of contract purchasing system in underway. Supplier engagement events as part of market refresh in autumn. Saving deferred pending new procurement system (DPS).	0.250
				Parking service – postponement of review of charges	0.504	60	Green (on track and should achieve)		0.000
				Carbon Reduction - Replacement of existing illuminated signs and bollards with LED units	0.030	55	Amber (on track but may not achieve all)	Roll out of replacement programme via highways contract on track to complete by March 23. Savings of energy costs will reduce due to increased prices. Draw down of reserves within highways.	0.000

Highways and Transport Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Local Supported Buses	0.008	61	Green (on track and should achieve)	Monitoring of concessionary travel payments to operators. Savings on concessionary travel reimbursement.	0.000
				Review split of TSS budget between Place and Childrens services		New		TSS budget split is being reviewed as currently leaves Place with a permanent £1m pressure relating to home to school transport. Whilst under review an allocation of £1m from the MTFS reserve is mitigating the issue in 2022/23.	0.000
				Reduction in parking revenue due to covid changes in customer behaviour		New		Permanent pressure due to reduced number of commuters, people parking all day and reduced sales of annual and quarterly permits.	1.320
				Parking		New		Additional costs of inflation and enhanced cleaning on Multi Storey Car Parks offset by in year staffing vacancies and reduced spend on supplies and services and transport.	-0.110
				HS2		New		£150k favourable variance due to significant internal Council resource being utilised for the Main Petitioning work, this has now been	-0.350

Highways and Transport Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
								submitted to Government - August 2022. £200k release from reserve.	
				Highways Covid pressure		New		Removal of Emergency Active Travel schemes.	0.061
				Highways Mitigating Actions		New		Release of Flooding and Well Managed Highway Infrastructure reserve.	-0.630
				Local Bus Operator Costs		New		Inflationary pressures on operators, mitigated in 2022/23 by reserves but significant impact 2023 onwards - high level estimate £5m.	
				Local Plan Review		New		Transport Modelling Resource requirements for Local Plan Review.	
				Highways		New		Reprofile or remove capital expenditure to improve revenue forecasting. Lobby DfT to recognise construction inflation.	
				Workforce		New		Revise vacancy forecasts to reflect recruitment difficulties. Slow down recruitment where feasible / safe. Updated staffing forecasts take account of revised recruitment timescales, included in forecasts above.	



Highways and Transport Committee	Exp £m	Inc £m	Net Revised Budget £m	MTFS Proposal	Value 2022/23 £m	MTFS Ref	RAG Rating	Comments	Variance from MTFS 2022/23 £m
				Transformation		New		Use flexible receipts to capitalise costs of transformation - Highways redesign.	-0.067
<b>Total</b>	<b>23.7</b>	<b>-9.9</b>	<b>13.8</b>		<b>0.600</b>				<b>0.527</b>

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2022/23	Revised Forecast FR1 2022/23 £000	Latest Forecast 2022/23 £000	Change from FR1 2022/23 £000	Treatment of Grant  <i>Notes 2 - 5</i>
<b>HIGHWAYS &amp; TRANSPORT</b>				
<b>Specific Use (Held within Services)</b>	1,316	2,155	838	
<b>General Purpose (Held Corporately)</b>				
Pavement Licensing - New Burdens	0	13	13	SRE
<b>TOTAL HIGHWAYS &amp; TRANSPORT</b>	<b>1,316</b>	<b>2,168</b>	<b>851</b>	

**Notes**

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

2 SRE - Supplementary Revenue Estimate requested by relevant service.

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

4 Reserves - transfer to reserves at year end.

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

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

3.2 The increase in specific grants relates mainly to bus services and On-Street Residential Chargepoint Schemes. Requests

for the allocation of the additional specific grants received are detailed in **Table 2**.

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

3.4 **Table 3** shows additional general purpose grants that are approved by the Finance Sub-Committee.

**Table 2 – 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
Highways and Transport	Bus Capacity Grant (Specific Purpose)	191	Increase on Financial Review 1 forecast. This grant is from the Department for Transport. To support ongoing work with Bus operator partners, working through an EP or franchising arrangement, to deliver better bus services.
Highways and Transport	On-Street Residential Chargepoint Scheme (ORCS) (Specific Purpose)	151	This grant is from the Department for Transport. To fund the installation of plug-in vehicle chargepoints for the use of local residents in areas without off-street parking facilities.
Highways and Transport	LTA Enhanced Bus Partnership Grant (Specific Purpose)	171	This grant is from the Department for Transport. The extension of Bus recovery funding to cover the period October – December 2022
<b>Specific Purpose Allocations less than £500,000</b>		<b>513</b>	

**Table 3 – Note Allocation of Additional Grant Expenditure from General Purpose Grants Held in Central Budgets**

Committee	Type of Grant	£000	Details
Highways and Transport	Pavement Licensing - New Burdens (General Purpose)	13	This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). New Burden grant relating to the introduced temporary measures through the Business and Planning Act 2020 to support businesses selling food and drink during the economic recovery while social distancing guidelines remain in place. The bill streamlines the process of obtaining permission for the placing of tables and chairs outside a business on the pavement.
<b>General Purposes Allocations less than £500,000</b>		<b>13</b>	

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Highways and Transport Committee		
Highways and Infrastructure	928	753

# 5.Capital Strategy

## Highways and Transport

## CAPITAL

### CAPITAL PROGRAMME 2022/23- 2025/26

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2022/26 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Highways and Infrastructure</b>													
A500 Dualling Scheme	89,456	9,264	2,096	2,342	18,509	57,244	80,191	53,284	4,300			22,607	80,191
A50 / A54 Holmes Chapel	603	81	45	327	150	0	522		522				522
A51/A500 Corridor Nantwich	250	231	19	0	0	0	19					19	19
A532 Safer Road Scheme	1,223	260	584	379	0	0	963	864				99	963
A536 Safer Road Scheme	2,404	1,461	943	0	0	0	943	849				94	943
A537 Safer Road Scheme	2,733	745	1,988	0	0	0	1,988	1,745				243	1,988
A54 / A533 Leadsmithy Street, Middlewich	563	134	40	389	0	0	429		429				429
A556 Knutsford to Bowdon	504	361	93	50	0	0	143		143				143
A6 MARR CMM Disley	2,122	1,646	10	466	0	0	476		22			454	476
A6 MARR CMM Handforth	800	492	309	0	0	0	309	226	48			34	309
A6MARR Design Checks & TA	473	271	203	0	0	0	203	70	133				203
Air Quality Action Plan	368	221	147	0	0	0	147	147					147
Alderley Edge Bypass Scheme Implementation	60,611	60,317	294	0	0	0	294					294	294
Bridge Maintenance Minor Wks	16,672	14,570	2,102	0	0	0	2,102	1,704				398	2,102
Client Contract and Asset Mgmt	1,141	510	631	0	0	0	631	631					631
Congleton Link Road	88,443	69,970	3,047	5,913	3,895	5,619	18,473	316	15,169			2,989	18,473
Crewe Green Link Road	26,625	26,170	455	0	0	0	455		455				455
Crewe Green Roundabout	7,500	7,053	50	50	150	198	448		448				448
Crewe Rail Exchange	6,712	6,693	19	0	0	0	19	19					19
Flowerpot Phs 1 & Pinchpoint	10,037	1,271	1,228	2,932	1,174	3,433	8,766	2,304	726			5,736	8,766
Future High Streets Fund - Highways	6,169	480	1,914	1,594	1,804	377	5,689	5,486	203				5,689
Highway Maintenance Minor Works	11,219	0	11,219	0	0	0	11,219	10,685				534	11,219
Highway Pothole / Challenge Fund	11,371	7,925	3,446	0	0	0	3,446					3,446	3,446
Highway S106 Schemes	962	0	666	296	0	0	962	41	921				962
S106 Davenport Lane, Arclid	352	60	292	0	0	0	292	245	48				292
Infrastructure Scheme Development	250	0	175	75	0	0	250	250					250
Jack Mills Way Part 1 Claims	300	278	22	0	0	0	22		22				22
Local Access Transport Studies	600	83	517	0	0	0	517	517					517
Local Area Programme	6,566	5,546	1,021	0	0	0	1,021	1,021					1,021
Middlewich Eastern Bypass	92,493	16,176	7,783	10,113	13,817	44,604	76,317	46,778	13,341			16,198	76,317
Middlewich Rail Study	20	0	20	0	0	0	20	20					20
M6 Junction 19	29	23	6	0	0	0	6		6				6
North-West Crewe Package	42,351	7,446	15,748	14,758	741	3,658	34,905	9,710	12,250		1,730	11,215	34,905
Old Mill Road / The Hill Junction	1,324	145	120	1,059	0	0	1,179		1,179				1,179

## CAPITAL PROGRAMME 2022/23- 2025/26

Scheme Description			Forecast Expenditure					Forecast Funding					
	Total Approved Budget	Prior Years £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Total Forecast Budget 2022/26 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes													
Highways and Infrastructure													
Part 1 Claims	113	34	79	0	0	0	79	79					79
Poynton Relief Road	52,657	29,670	16,202	46	1,355	5,385	22,987	8,335	6,200			8,453	22,987
Programme Management	1,011	784	227	0	0	0	227	227					227
Road Network & Linked Key Inf	83	78	5	0	0	0	5	5					5
Road Safety Schemes Minor Works	5,552	5,056	496	0	0	0	496	496					496
Sydney Road Bridge	10,501	10,103	50	50	100	198	398		398				398
Traffic Signal Maintenance	500	17	483	0	0	0	483	483					483
Traffic Signs and Bollards - LED Replacement	1,250	0	1,250	0	0	0	1,250			1,250			1,250
Winter Service Facility	999	479	130	130	130	130	520					520	520
							0						0
Transport & Parking							0						0
Accessibility: Public Transp't	1,020	907	113	0	0	0	113	113					113
Active Travel Fund (Covid-19)	724	436	288	0	0	0	288	288					288
Active Travel (Cycle/Walking route) Investment	2,755	2,179	576	0	0	0	576	576					576
Broadway Meadow Car Park	48	0	48	0	0	0	48					48	48
Car Parking Improvements (including residents parking)	322	262	30	30	0	0	60			14		46	60
Digital Car Parking Solutions	140	93	47	0	0	0	47					47	47
National Cycle Network (NCN) Route 55 Middlewood Way in	569	0	569	0	0	0	569	569					569
Pay and Display Parking Meters	620	531	-	49	40	0	89					89	89
Sustainable Travel Access Prog	3,424	1,552	560	1312	0	0	1,872	1,325	309			238	1,872
Sustainable Modes of Travel to Schools Strategy (SMOTSS)	620	472	148	0	0	0	148	148					148
Town Studies	550	426	125	0	0	0	125	125					125
HS2 Programme													
Crewe HS2 Hub Project Development	12,700	7,661	2,510	1500	1029	0	5,039					5,039	5,039
Total Committed Schemes - In Progress	589,403	300,618	81,185	43,860	42,894	120,846	288,784	149,681	57,271	1,264	1,730	78,839	288,784
													0
New Schemes													0
Highways and Infrastructure													
Peacock Roundabout Junction	750	0	20	230	500	0	750		750				750
Integrated Block - LTP	7,925	0	-	2,003	2,003	2,003	6,009	6,009					6,009
Maintenance Block - LTP	23,196	0	800	7,345	7,609	7,878	23,633	17,397				6,236	23,633
Incentive Fund - LTP	5,800	0	-	1,450	1,450	1,450	4,350	4,350					4,350
Managing and Maintaining Highways	16,000	0	4,440	4,529	4,619	4,712	18,300					18,300	18,300
Pothole Fund Grant 2022/23	5,799	0	-	0	0	0	0						0
Total New Schemes	59,470	0	5,260	15,557	16,181	16,043	53,042	27,756	750	0	0	24,536	53,042
Total Capital Schemes	648,873	300,618	86,445	59,417	59,075	136,889	341,826	177,437	58,021	1,264	1,730	103,375	341,826

## 6. Reserves Strategy

### Highways and Transport Committee

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
<b>Highways and Infrastructure</b>				
HS2	985	(450)	535	To support the Council's ongoing programme in relation to Government's HS2 investment across the borough and Transport for the North's Northern
Flood Recovery Works	400	(400)	0	27 locations identified for repair works as a result of the 2019 flood events. There are also a further 16 which require investigation to ascertain the scope of the works required.
Well Managed Highway Infrastructure Delay	230	(230)	0	Due to the call in of WMHI, the savings proposed relating to winter service cannot be realised and the forecast service costs have increased.
Parking Pay and Display Machines / Parking Studies	178	(28)	150	Purchase of Pay and Display machines and town centre parking studies, and to cover contract inflation on P&D machines in year.
Highways Procurement Proj	104	(28)	76	To finance the development of the next Highway Service Contract.
LEP-Local Transport Body	39	(20)	19	To fund the business case work for re-opening the Middlewich rail line. £20k is anticipated to be utilised in 2022/23, with the remaining £19k required in 2023/24.
<b>HIGHWAYS AND TRANSPORT TOTAL</b>	<b>1,936</b>	<b>(1,156)</b>	<b>780</b>	

## Appendix 8

# Treasury Management Strategy

## Treasury Management Report

1. Background	- 119 -
2. External Content	- 119 -
3. Local Context	- 120 -
4. Borrowing Strategy	- 123 -
5. Investment Strategy	- 124 -
6. Treasury Management Indicators	- 127 -

### Annexes:

A. Economic & Interest Rate Forecast	- 129 -
B. Existing Investment & Debt Portfolio Position	- 131 -



## 1. Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management Code of Practice 2021 Edition (the CIPFA Code). This replaces the 2017 edition but the reporting requirements under the newer code can be deferred until 2023/24 which the Authority has elected to do.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Report (see **Appendix 9**).

## 2. External Context

- 1.4 **Economic background:** Following Russia's invasion of Ukraine in February, global inflationary pressures have intensified sharply, leading to a sizeable deterioration in the outlook for world and UK growth.
- 1.5 The economic backdrop in the April-June quarter was characterised by higher oil, gas and commodity prices, fears of rising and persistent inflation and its damaging impact on consumers' cost of living, little indication of an imminent end to Russia-Ukraine hostilities and supply chain bottlenecks exacerbated by war in Ukraine and lockdowns in China. Added to this was tough rhetoric and action by central bankers globally on fighting inflation through higher interest rates and quantitative tightening even as financial conditions became increasingly difficult for consumers, more so for those whose wages have not kept pace with inflation.
- 1.6 In the UK inflation remained elevated. Ofgem, the energy regulator, increased the energy price cap by 54% in April, equivalent to around £700 for a household with average energy consumption (the cap had already increased 12% back in October 2021). A further increase of around £1,580 will apply from October although Government assistance will mitigate some of this increase. August data showed CPI edging higher to 9.9% while the core CPI rate, which removes energy, fuel and food was 6.3%. RPI rose to 12.3%.
- 1.7 The labour market continued to show signs of tightness as employers struggled to fill vacancies with workers with skill sets matching their requirements. The unemployment rate 3m/year for July fell to 3.6% and is now below pre-pandemic levels. Pay growth was 5.5%

for total pay (including bonuses) and 5.2% for regular pay; however, adjusted for inflation, growth in total pay fell by 2.6%, whilst regular pay fell 2.8%.

- 1.8 Unsurprisingly, with disposable income squeezed and another energy cap increase due in October, consumer confidence plummeted to the level last seen during the 2008/09 financial crisis. Quarterly GDP growth was -0.1% in the April - June quarter and the Bank of England now expects a further decline in Q3 2022.
- 1.9 Having increased interest rates by 0.25% in April, the Bank of England's Monetary Policy Committee on the 15th of June 2022 increased the official Bank Rate by 0.25% to 1.25%. In line with expectations rates were increased by a further 0.50% to 1.75% in August with further increases likely and largely already priced in by the markets.
- 1.10 **Financial Markets:** Heightened uncertainty characterised financial market sentiment and bond yields were similarly volatile but with a general upward trend as concern over higher inflation and higher interest rates dominated.
- 1.11 Over the first quarter of 2022 the 5-year UK benchmark gilt yield rose from 1.41% to 1.89%, the 10-year gilt yield rose from 1.61% to 2.35% and the 20-year yield from 1.82% to 2.60% although these have since fallen back slightly in the last few weeks in expectation of rates reducing after 2023 after taking into account the economic outlook.

- 1.12 **Credit Review:** Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days.
- 1.13 Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.
- 1.14 An outlook for the remainder of 2022/23 and interest rate forecast provided by Arlingclose is attached at **Annex A**.

### 3. Local Context

- 1.15 As at 31 August 2022 the Authority has borrowings of £243m and investments of £96m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

**Table 1: Balance Sheet Summary and Forecast**

	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
General Fund CFR	425	470	524	530
Less: Other long term liabilities *	(22)	(19)	(18)	(17)
<b>Loans CFR</b>	<b>403</b>	<b>451</b>	<b>506</b>	<b>513</b>
Less: External borrowing **	(181)	(77)	(77)	(77)
<b>Internal (over) borrowing</b>	<b>222</b>	<b>374</b>	<b>429</b>	<b>436</b>
Less: Usable reserves	(165)	(137)	(111)	(103)
Less: Working capital	(116)	(80)	(75)	(73)
<b>Investments (or New borrowing)</b>	<b>59</b>	<b>(157)</b>	<b>(243)</b>	<b>(260)</b>

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

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

1.16 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

1.17 CIPFA's Prudential Code for Capital Finance recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three

years. **Table 1** shows that the Authority expects to comply with this recommendation during 2022/23.

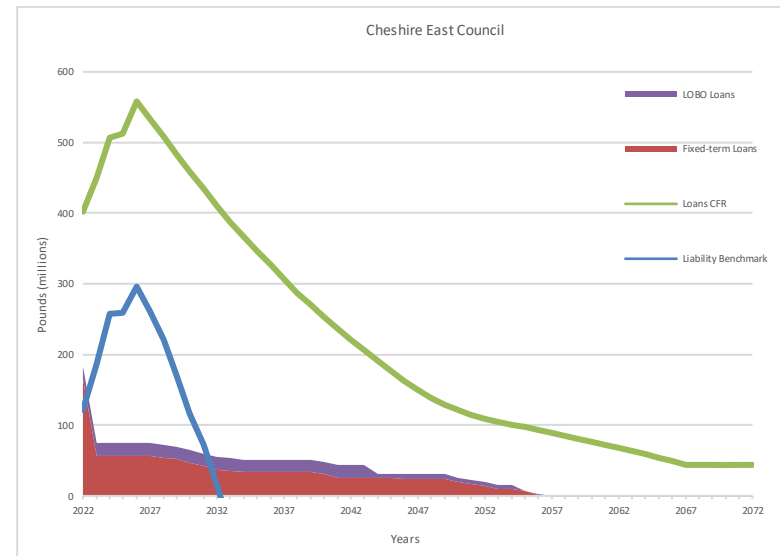
1.18 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as **Table 1** above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

**Table 2: Liability Benchmark**

	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
Loans CFR	403	451	506	513
Less: Usable reserves	(165)	(137)	(111)	(103)
Less: Working capital	(116)	(80)	(75)	(73)
Plus: Minimum investments	20	20	20	20
<b>Liability Benchmark</b>	<b>142</b>	<b>254</b>	<b>340</b>	<b>357</b>

1.19 Following on from the medium-term forecasts in **Table 2** above the long-term liability benchmark assumes minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in **Chart 1**.

**Chart 1: Liability Benchmark Chart**



## 4. Borrowing Strategy

- 1.20 The Authority currently holds loans of £223m, an increase of £42m since 31 March 2022. However, this will increase to a higher level, currently forecast as £260m at 31 March 2023.
- 1.21 At the moment, cash shortfalls are being met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. As rates are still low and the liquidity of short term markets at year end is often tighter, many new borrowings from September onwards are for maturity dates extending into 2023/24. The cost (including fees) to 31 August 2022 is around 0.93% although new borrowings are now at higher rates following recent base rate increases and anticipation of future increases. Due to the increasing levels of temporary borrowing, consideration is being given to some longer term fixed rate loans which, although more expensive, provide surety of future interest costs and protects against sudden unexpected future rate increases which could have adverse effects on the Councils budget. A full list of current temporary borrowings is shown below in **Table 3**.

**Table 3 – Current Temporary Borrowing**

Lender	Start	Maturity	Rate %	£m
Evergreen Fund (CW LEP)	Call Account		1.56	2.9
Newham	15/08/22	15/09/22	1.14	5.0
Renfrewshire Council	25/04/22	26/09/22	0.85	5.0
Neath Port Talbot CBC	27/06/22	27/09/22	1.21	5.0
West Midlands CA	31/03/22	30/09/22	0.70	5.0
Torbay	31/03/22	30/09/22	0.90	5.0
West Berkshire	30/06/22	30/09/22	1.20	5.0
Middlesbrough	01/07/22	03/10/22	1.35	5.0
Northern Ireland Housing Executive	13/05/22	14/11/22	1.09	10.0
Carmarthenshire CC	27/05/22	28/11/22	1.09	5.0
Preston	01/07/22	09/01/23	1.10	5.0
West Yorkshire CA	14/07/22	16/01/23	1.20	5.0
Spelthorne	18/07/22	18/01/23	1.72	5.0
West Midlands CA	21/04/22	23/01/23	0.75	5.0
West Midlands CA	22/07/22	23/01/23	1.10	5.0
Wigan	22/07/22	23/01/23	1.44	5.0
Basildon	28/07/22	30/01/23	1.15	5.0
Northumberland	09/08/22	09/02/23	1.50	5.0

Lender	Start	Maturity	Rate %	£m
Greater Manchester CA	29/07/22	10/02/23	1.74	10.0
South Derbyshire	16/05/22	16/02/23	1.10	3.0
Tewkesbury	24/08/22	24/02/23	1.76	2.0
East Sussex	24/08/22	24/02/23	1.77	5.0
Sheffield City	14/07/22	14/04/23	1.30	5.0
Local Gov't Assoc.	26/07/22	26/04/23	1.70	1.5
Local Gov't Assoc.	26/07/22	26/04/23	1.70	1.5
West Yorkshire CA	04/08/22	04/05/23	1.25	5.0
West Yorkshire Fire & Rescue	23/08/22	23/05/23	1.80	5.0
West Yorkshire Police	24/08/22	24/05/23	1.70	5.0
Northern Ireland Housing Executive	29/07/22	28/07/23	1.88	10.0
<b>TOTAL</b>				<b>145.9</b>

- 1.22 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2022/23, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the

option to repay LOBO loans at no cost if it has the opportunity to do so.

## 5. Investment Strategy

- 1.23 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Due to the overriding need for short term borrowing, other than £20m invested strategically in managed funds, the investments are generally short term for liquidity purposes. However, receipt of Government funding for energy grants and other schemes in advance of expenditure has, at times, led to higher balances than expected. The level at 31 August 2022 is £96m.
- 1.24 The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 1.25 The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally, credit rated banks and building

societies have been set at a maximum value of £6m for unsecured investments and £12m for secured investments. Any limits also apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at a maximum value of £12m per fund. All potential counterparties are kept under continual review by our treasury advisors and advisory lower limits than those contained in the strategy are applied.

- 1.26 Treasury Management income to 31 August 2022 is £625,000 which is higher than the budgeted £371,000. Borrowing costs are also higher than budgeted at £547,000 compared to budget of £485,000. This is caused by increasing interest rates. When combined with an increasing borrowing requirement this suggests that net interest cost will be £123,000 higher than budgeted for 2022/23.
- The average daily investment balance including managed funds up to 31 August 2022 is £60.2m
  - The average annualized interest rate received on in-house investments up to 31 August 2022 is 1.12%
  - The average annualized interest rate received on the externally managed funds up to 31 August 2022 is 6.90%
- 1.27 The Authority's total average interest rate on all investments in 2022/23 is 2.47%. The returns continue to exceed our own performance target of 2.25% (Base

Rate + 0.50%). Previous comparator rates using LIBID are no longer produced. These have been replaced by the Sterling OverNight Index Average (SONIA).

**Table 4 – Interest Rate Comparison**

Comparator	Average Rate to 31/08/2022
Cheshire East	2.47%
SONIA 7 Day Rate	1.13%
Base Rate	1.75%
Target Rate	2.25%

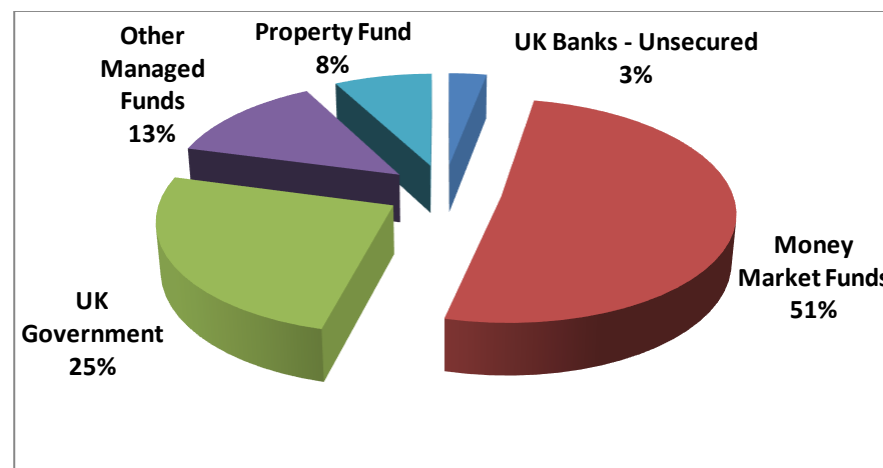
- 1.28 As the Authority holds a large amount of reserves and working capital, £20m of this has been placed in strategic investments in order to benefit from higher income returns whilst spreading risk across different asset classes.
- 1.29 The investments are in five different funds which are all designed to give an annual income return between 4% and 5% but which have different underlying levels of volatility. By spreading investments across different types of funds, the intention is to dampen any large fluctuations in the underlying value of the investments.

**Table 5 –Strategic Investments**

Fund Manager	Asset Class	Invested £m	Current Value £m
CCLA	Property	7.5	9.3
Aegon	Multi Asset	5.0	4.5
Fidelity	Equity - Global	4.0	4.0
Schroders	Equity - UK	2.5	2.2
M & G	Bonds	1.0	0.9
<b>TOTAL</b>		<b>20.0</b>	<b>20.9</b>

1.30 The value of these investments does vary. The effects of high inflation, reduced GDP and supply chain issues on financial markets and values of underlying assets has been considerable. Most funds, although recovered from direct Covid related issues, have fallen in value in recent months, the exception being the Property fund which continues to increase in value due to the nature of the properties in which it is invested. All funds continue to deliver high levels of income return.

**Chart 2 – Current Investments by Counterparty Type**



**Table 6 – Types of Investments and Current Interest Rates**

Instant Access Accounts		Average Rate %	£m
Money Market Funds		1.66	48.8
UK Banks		0.60	2.9

Fixed Term Investments		Average Rate %	£m
UK Government		1.71	24.2

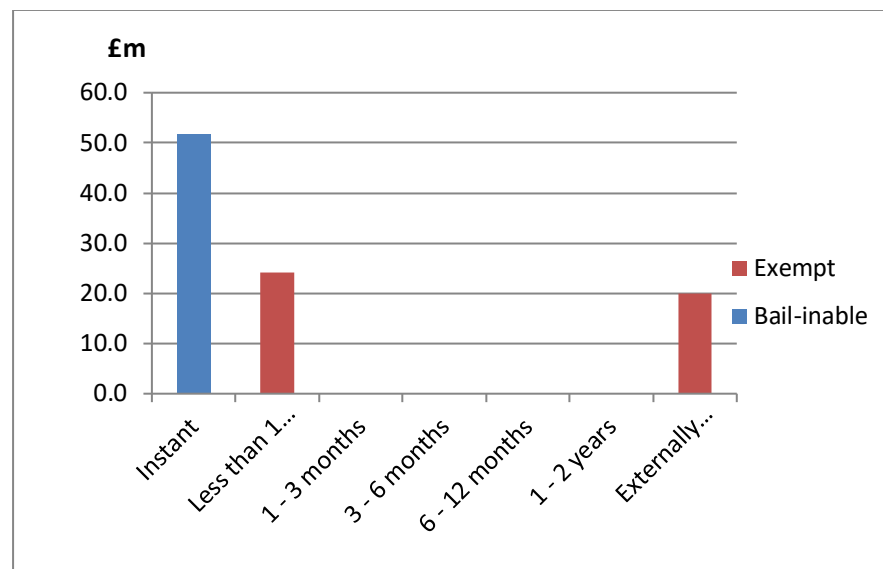
  

Externally Managed Funds		£m	
Total – see table 5		20.0	



Summary of Current Investments	£m
<b>TOTAL</b>	<b>95.9</b>

**Chart 3 – Maturity Profile of Investments**



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

## 6. Treasury Management Indicators

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

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

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% <b>rise</b> in interest rates	£462,500
Likely revenue impact in 2022/23 of a 1% <b>rise</b> in interest rates	£425,000

1.33 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The Council is expected to remain a net borrower in 2022/23 so a fall in rates would lead to savings rather than incurring additional cost so a limit of £0 was set. Rates have already changed by more than 1% and likely to change further so full revenue impact of changing rates is likely to be higher – estimated at £548,000.

1.34 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. Lower limits have been set at 0%. The upper limits on

the maturity structure of borrowing and the actual maturity profiles as at 31 August 2022 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	58%
12 months and within 24 months	35%	15%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	8%
10 years and within 20 years	100%	7%
20 years and above	100%	12%

- 1.35 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively high as short term funding is currently

considerably cheaper than alternatives and allows for LOBO loans which, although unlikely, have the potential to be repaid early. This will be kept under review as it does increase the risk of higher financing costs in the future.

- 1.36 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

## Annex A: Economic & Interest Rate Outlook for Remainder of 2022/23

	Current	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
<b>Official Bank Rate</b>													
<b>Upside risk</b>	0.00	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
<b>Arlingclose Central Case</b>	1.25	1.75	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.00	2.00	1.75	1.75
<b>Downside risk</b>	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75

High inflation is dampening global economic growth, raising the chances of regional recessions as policymakers accelerate monetary tightening to reduce the risk of persistently higher long-term inflation expectations.

The invasion of Ukraine exacerbated global inflation trends, particularly around food and energy. The rise in energy and fuel prices has been a significant factor behind the UK CPI moving to over 9% and forecast to be over 10% during 2022.

High sustained inflation is likely to lead to zero or negative GDP growth for Q2 2022 onwards in the UK due to negative real household disposable income growth. Fiscal intervention will mitigate some of the financial pain, but will not totally alleviate it. Data suggests that households are curtailing spending in response. Built up savings and more robust wage growth will only partly offset the impact.

The labour market is tight and nominal wage growth is running above pre-Covid levels. Higher wage growth will be a

contributory factor to sustained above target inflation this year, although real wage growth is unlikely for most workers. Weaker economic activity should eventually lead to lower demand for labour and reduce wage pressure.

The Bank of England previously signalled that moderate monetary tightening alongside the sharp fall in real incomes would pull inflation back to target in the medium term. Inflation has, however, exceeded the Bank's expectations. Alongside the tight labour market and fiscal intervention, further rises in Bank Rate are likely.

The MPC minutes indicated that larger upward moves in in Bank Rate, more forceful action, are a possibility if high inflation persists. Markets have priced in a much steeper path for Bank Rate in response, but Arlingclose believe the MPC will be more cautious, albeit at a higher level than previously expected.

Bond yields have risen significantly to accommodate tighter

global monetary policy despite increasing recession concerns. The US remains the main driver of global yields; aggressive policy in the US increases the inflation risk for other countries and may be a contributory factor to unnecessary tight policy elsewhere.

With markets seemingly ignoring the downside risks to

growth, further upside movement in bond yields cannot be ruled out, at least until US inflation starts to cool.

## Annex B: Existing Investment & Debt Portfolio Position

	31/08/22 Actual Portfolio £m	31/08/22 Average Rate for the year %
<b>External Borrowing:</b>		
PWLB – Fixed Rate	60	4.53%
Local Authorities	143	1.22%
LOBO Loans	17	4.63%
Other	3	1.02%
<b>Total External Borrowing</b>	<b>223</b>	<b>2.59%</b>
<b>Other Long Term Liabilities:</b>		
PFI	20	-
Finance Leases	0	-
<b>Total Gross External Debt</b>	<b>243</b>	<b>-</b>
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	52	1.60%
Fixed Term	24	1.71%
<i>Managed externally</i>		
Property Fund	7.5	2.42%
Multi Asset Fund	5	7.00%
Equity - Global	4	8.62%
Equity - UK	2.5	6.68%
Bonds	1	3.20%
<b>Total Investments</b>	<b>96</b>	<b>2.99%</b>
<b>Net Debt</b>	<b>147</b>	<b>-</b>

# Appendix 9

## Investment Strategy

### 1. Purpose

- 1.1 The Investment Strategy is part of a suite of related documents, and focuses predominantly on matters not covered by Capital Strategy and Treasury Management Strategy.
- 1.2 The Authority invests its money for three broad purposes:
  - because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
  - to support local public services by lending to or buying shares in other organisations (**service investments**), and
  - to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.3 Often there may be a crossover with investments within the Authority. Whilst a return may be a by-product of an investment this is rarely the overriding reason for making or retaining an investment. It will be linked to other long term strategic or regeneration factors.
- 1.4 The investment strategy meets the requirements of the statutory guidance issued by MHCLG in February 2018 and reflects subsequent changes in government and CIPFA

thinking on investments. It focuses on the second and third of the investment categories.

### 2. Treasury Management Investments

- 1.5 The Authority typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments fluctuates in the course of normal activity.
- 1.6 Full details of the Authority's policies and plans for 2022/23 within treasury management investments are covered via the Treasury Management Strategy (**Appendix 8**).

### 3. Service Investments: Loans

- 1.7 Current loan balances are shown in the table below. Upper limits on the outstanding loans to each category of borrower were set through the MTFS process:

**Table 1: Loans for service purposes in £'000**

Category of borrower	31/03/22 Actual	As at 30/09/22			2022/23
		Balance owing	Loss allowance	Net figure in accounts	Balance owing
Subsidiaries	0	0	0	0	0
Suppliers	23	24	1	23	24
Local businesses	6,043	6,276	70	6,206	6,276
Local charities	515	392	51	341	392
<b>TOTAL</b>	<b>6,581</b>	<b>6,692</b>	<b>122</b>	<b>6,570</b>	<b>6,692</b>

- 1.8 Loans have been provided to Everybody Health & Leisure Trust (Everybody) for the purpose of investing in new equipment, with the aim of increasing the usage of leisure centres and improving the health of residents.
- 1.9 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. In order to retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and loans. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.
- 1.10 In addition, the Council has committed to investing £5m (and lent £4.74m as at 30 June 2022) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners in

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

- 1.11 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. The GM Life Science Fund is “revalued” on an annual basis based upon the net asset valuation of the Fund and this can lead to short term fluctuations in the notional returns of this loan category. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallize when funds are extracted. The Authority has decided against committing new funds to a follow up fund for the time being.
- 1.12 Only the Everybody loans are interest bearing and are reflected in the “Local Charities” category. These are accrued at a rate of Bank of England base rate plus 4%.
- 1.13 The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Instead, the allowance represents a prudent accounting treatment required by CIPFA guidance. The figures for loans in the Authority’s statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

## 4. Service Investments: Shares

- 1.14 The Authority has invested in Alderley Park Holdings Limited in order to maintain and stimulate the key strategic industry of life sciences within the Borough. Cheshire East is a 10% shareholder in Alderley Park, and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (39% shareholder).
- 1.15 This should be seen as a long-term strategic investment. There have been no dividend returns and any changes in % returns have been based upon the movement in value of our share of the underlying assets which will fluctuate as the site continues its transition from a single user to a multiuser campus.
- 1.16 There remains a long term pipeline of investment and refurbishment activity on Alderley Park. The current valuation is based upon the 2022 year end position which had seen a fall in value; reflecting a revaluation and the timing of vacant units, and the not insignificant impact of COVID-19, which the site seems to have weathered. The valuation is still greater than the purchase price and the underlying assets at Alderley Park remain strong.
- 1.17 A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake.
- 1.18 The Council also has shares in its subsidiary, wholly owned service delivery companies. However, they are of nominal

value, and consequently are not considered material in the context of this Investment Strategy.

**Table 2: Shares held for service purposes in £'000**

Category of company	31/03/22 actual	As at 30/09/2022			2022/23
		Amounts invested	Gains or losses	Value in accounts	Approved Limit (cost of investment)
Local Businesses	2,610	1,070	1,540	2,610	10,000
<b>TOTAL</b>	<b>2,610</b>	<b>1,070</b>	<b>1,540</b>	<b>2,610</b>	<b>10,000</b>

## 5. Commercial Investments: Property

- 1.19 For the purpose of this paper, it should be noted that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit. In order to comply with this the Authority is having to include several assets in **Table 3** that might otherwise be excluded as they are not being held to primarily generate a yield or return.
- 1.20 Central government continues to express concern over the level of commercial investments held by Local Authorities and the risk that this presents to residents in the event that an Authority becomes over exposed.
- 1.21 The government has effectively regulated against the purchase of commercial assets primarily for generating yield. Whilst this limits the Authority's ability to invest in commercial property for investment purposes, they have



recognised that regeneration is a necessary factor which could result in legitimate purchases of such property. Careful attention will need to ensure that yield is an incidental factor in any future decision to invest in a commercial property investment.

- 1.22 The most significant commercial investment acquired by the Authority is land and buildings on the North and East side of Weston Road in Crewe purchased in April 2019. This accounts for 81% of the net book value in the accounts at 31 March 2022.
- 1.23 For the purpose of this report, we have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple and crude calculation of yield.
- 1.24 The value of properties is updated annually. The most recent valuation is from March 2022 and reflect the second year of COVID-19. In the year to March 2021, we noted that the value of retail property held up whilst that of industrial units and enterprise centres was valued downwards. The year to March 2022 saw retail values continue to grow and the other categories have made modest gains. All categories are still valued at more than purchase cost. There has been a reclassification in the year and an office property has been added to the listing as it was deemed appropriate to classify it as an investment asset. This resulted in £533,000 being added to the valuation. \* Note that no gain has been deemed to have arisen in the last two years with the gain on the purchase cost occurring in prior years.

**Table 3: Property held for investment purposes in £'000**

Property	Actual	31/03/22 actual		30/09/22 actual		2022/23 Approval Limit
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts	
Industrial Units	1,492	11	1,740	0	1,740	
Enterprise Centres	245	20	340	0	340	
Retail	23,300	371	25,975	0	25,975	
Office	240	* -	533	0	533	
<b>Total</b>	<b>25,277</b>	<b>402</b>	<b>28,588</b>	<b>0</b>	<b>28,588</b>	<b>100,000</b>

## 6. Commercial Investments: Loans

- 1.25 In considering commercial investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:
- **Security** – protecting the capital sum invested from loss
  - **Liquidity** – ensuring the funds invested are available when needed
- 1.26 The Council has entered into a £10m loan agreement with Cheshire & Warrington Local Enterprise Partnership linked to developments within the Business Rates Enterprise Zone. The intention is to stimulate economic development and achieve payback from retained business rates.

- 1.27 The first loans in respect of Alderley Park Glasshouse and Blocks 22-24 were made in December 2020. Together they totalled £8m. One of the loans was subsequently repaid early in the new financial year. Interest is accruing on the remaining loan.

**Table 4: Commercial Loans in £'000**

Category of borrower	31/03/22 Actual	As at 30/09/22			2021/22
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Partner Organisations	7,903	4,127	183	3,944	20,000
<b>TOTAL</b>	<b>7,903</b>	<b>4,127</b>	<b>183</b>	<b>3,944</b>	<b>20,000</b>

## 7. Loan Commitments and Financial Guarantees

- 1.28 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council acts as Entrusted Entity to a £20m European Regional Development Fund (ERDF) supported Urban Development Fund which is about to commence. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.
- 1.29 The fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. As such the balances are not included in the investment tables above. The workings of the fund are

subject to detailed scrutiny and are managed by a firm of experienced fund managers with a strong track record of providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

## 8. Proportionality

- 1.30 The Authority is only partially dependent on profit generating investment activity to achieve a balanced revenue budget, in respect of Place services. Within the Authority the proportion is consistently below 2.5% and is deemed immaterial. Such is the low proportion that it represents, should it fail to achieve the expected net return, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

## 9. Borrowing in Advance of Need

- 1.31 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority follows this guidance.
- 1.32 As referred to above in **Section 6**, this has been strengthened by the government effectively banning investment in property primarily for yield.

## 10. Capacity, Skills and Culture

- 1.33 The Finance Sub-Committee comprised of members, supported by officers and where necessary, external advisors, provides oversight of the Investment Strategy and acts on recommendations from officers that consider opportunities to enhance the Revenue & Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.

## 11. Investment Indicators

- 1.34 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.
- 1.35 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

**Table 5: Total investment exposure in £'000**

Total investment exposure	31/03/21 Actual	31/03/22 Actual	31/03/23 Forecast
Treasury management investments	44,150	54,300	40,000
Service investments: Loans	6,360	6,733	6,844
Service investments: Shares	3,410	2,610	2,610
Commercial investments: Property	28,186	28,588	28,588
Commercial Investments: Loans	8,000	8,271	4,127
<b>TOTAL INVESTMENTS</b>	<b>90,106</b>	<b>100,502</b>	<b>82,169</b>
Commitments to lend	2,439	2,418	2,418
<b>TOTAL EXPOSURE</b>	<b>92,545</b>	<b>102,920</b>	<b>84,587</b>

- 1.36 **How investments are funded:** Currently the majority of the Authority's investments are funded by usable reserves and income received in advance of expenditure.
- 1.37 **Table 6** shows the limited investments funded through prudential borrowing.

**Table 6: Investments funded by borrowing in £'000**

Investments funded by borrowing	31/03/21 Actual	31/03/22 Actual	31/03/23 Forecast
Commercial investments: Property	22,211	21,517	20,810
Commercial Investments: Loans	8,000	8,000	4,000
<b>TOTAL FUNDED BY BORROWING</b>	<b>30,211</b>	<b>29,517</b>	<b>24,810</b>

- 1.38 **Rate of return received:** In part, this indicator shows for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.
- 1.39 The return for the Service Investments: Loans is not a true return but is instead based largely on the % fluctuation in the underlying value of the new assets within the Life Science fund. As such they do not reflect actual cashflows. If Life Science was excluded the 2021/22 actual figure was 1.13% - in itself this is skewed by a non interest bearing loan.
- 1.40 Historically we have shown the % movement in the carrying value of our shareholding in Alderley Park Holdings Limited as a return within the category Service Investments: Shares. However, this is not a real return or cashflow. Typically, a

return on a share would be based upon the dividend yield and there have been no dividends paid. Therefore, this is now being shown as Nil.

- 1.41 The major assets included within Commercial Investments: Properties, representing over 90% of the value, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on 'bricks and mortar retail', the Council will only experience an impact on its Revenue Account if a site becomes vacant for a prolonged period.
- 1.42 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both of these have thus far weathered the local economic effects of the previous two years.
- 1.43 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. Overall returns are affected by the fact that returns for one of the sites is reduced by the costs required to repay borrowing costs. Additionally, there are isolated instances where some of the other smaller sites are seeing the levels of vacancy rise. These are under review.
- 1.44 The Commercial investments: Loans are at the expected level of return given the rates in place when they were established.

**Table 7: Investment rate of return (net of all costs)**

<b>Investments net rate of return</b>	<b>2020/21 Actual</b>	<b>2021/22 Actual</b>	<b>2022/23 Forecast</b>
Treasury management investments	1.62%	2.13%	2.47%
Service investments: Loans	8.46%	-3.00%	-6.19%
Service investments: Shares	*NIL	*NIL	*NIL
Commercial investments: Property	2.78%	2.95%	2.92%
Commercial investments: Loans	3.20%	3.20%	3.16%