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Corporate Policy Committee

Agenda

Date:	**Thursday, 6th February, 2025**
Time:	**10.00 am**
Venue:	**Capesthorne Room, Macclesfield Town Hall, SK10 1EA**

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

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

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

1. **Apologies for Absence**

   To note any apologies for absence from Members.

2. **Declarations of Interest**

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

3. **Minutes of Previous Meeting** (Pages 5 - 16)

   To approve as a correct record the minutes of the previous meeting held on 28 November 2024.

For requests for further information
Contact: Nikki Bishop
Tel: 01270 686460
E-Mail: Nikki.bishop@cheshireeast.gov.uk

4. **Public Speaking/Open Session**

In accordance with paragraph 2.24 of the Committee Procedure Rules and Appendix on Public Speaking, set out in the Constitution, a total period of 15 minutes is allocated for members of the public to put questions to the Committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes to speak; the Chair will have discretion to vary this where they consider it appropriate.

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

Petitions - To receive any petitions which have met the criteria - Petitions Scheme Criteria, and falls within the remit of the Committee. Petition organisers will be allowed up to three minutes to speak.

5. **Third Financial Review 24/25** (Pages 17 - 106)

To consider the Third Financial Review 2024-25.

6. **Medium Term Financial Strategy 2025/26-2028/29 (Corporate Policy Committee)** (Pages 107 - 380)

To consider the report on the Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2025/26 to 2028/29.

7. **Cheshire East Corporate Plan 2025-29** (Pages 381 - 398)

To consider the Cheshire East Corporate Plan 2025-29.

8. **Supporting Effective Engagement: Cheshire and Warrington Devolution** (Pages 399 - 412)

To consider the report on Devolution.

9. **UK Shared Prosperity Fund Transition Year 25/26** (Pages 413 - 424)

To consider a report on the allocation of an additional year of funding under the UK Shared Prosperity Fund (UKSPF) for 25/26.

10. **Pay Policy Statement 2025-26** (Pages 425 - 438)

To consider the Pay Policy Statement 2025-26.

11. **Absence Management Policy and Procedure** (Pages 439 - 458)

To consider the amended Absence Management Policy and Procedure.

12. **Notice of Motion - Council Decision Making and Governance** (Pages 459 - 488)

To consider a report in response to a Notice of Motion in relation to council decision-making and governance.

13. **Notice of Motion – Broadcasting and Recording Equipment** (Pages 489 - 494)

To consider a report in response to the Notice of Motion relating to broadcasting and recording equipment.

14. **Notice of Motion - Agreed Framework for Delivery of Services at a Local Level** (Pages 495 - 506)

To consider a report in response to a Notice of Motion relating to the development of an agreed framework for delivery of services at a local level.

15. **Calendar of Meetings 2025-2026** (Pages 507 - 532)

To consider the proposed calendar of meetings for the municipal year 2025-26.

16. **Work Programme** (Pages 533 - 534)

To consider the Work Programme and determine any required amendments.

17. **Minutes of Sub-Committees** (Pages 535 - 540)

To receive the minutes of the Finance Sub-Committee meeting held on 7 November 2024.

18. **ICT Shared Service - Hybrid Operating Model Update** (Pages 541 - 556)

To consider the report which provides an update on the mobilisation and designs for a new hybrid model for ICT Shared Services.

19. **Exclusion of the Press and Public**

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

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

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

20. **ICT Shared Service - Hybrid Operating Model Update** (Pages 557 - 560)

To consider Appendix 1 of the ICT Shared Service Hybrid Operating Model Update report.

Membership: Councillors C Bulman, D Clark, J Clowes, M Goldsmith, M Gorman (Vice-Chair), A Harrison, N Mannion (Chair), C O'Leary, J Pearson, J Rhodes, J Saunders, F Wilson and M Warren

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Policy Committee**
held on Thursday, 28th November, 2024 in the Committee Suite 1,2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors C Bulman, J Clowes, M Goldsmith, A Harrison, S Gardiner, J Pearson, J Rhodes, J Saunders, F Wilson, M Warren and L Crane

OFFICERS IN ATTENDANCE

Janet Witkowski, Governance, Compliance and Monitoring Officer
Karen Wheeler, Interim Assistant Chief Executive
Adele Taylor, Interim Executive Director Resources and S151 Officer
Peter Skates, Acting Executive Director, Place
Sara Duncalf, Head of HR
Kim Ashmore, Acting Customer Service Manager
Tom Moody, Director of Transport and Infrastructure
Hayley Kirkham, Head of Rail and Transport Integration
Josie Griffiths, Head of Audit, Risk and Assurance
Nikki Bishop, Democratic Services Officer

43 **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors C O'Leary and D Clark. Councillors S Gardiner and L Crane were present as substitutes.

44 **DECLARATIONS OF INTEREST**

Councillor S Gardiner, in the interests of openness and transparency in relation to agenda item 5 (Cheshire East Council Support for Proposed Future Rail Schemes), declared that in previous employment he was involved in meetings on related matters with former government ministers.

45 **MINUTES OF PREVIOUS MEETING**

RESOLVED:

That the minutes of the previous meeting held on 3 October 2024 be approved as a correct record and signed by the Chair.

46 **PUBLIC SPEAKING/OPEN SESSION**

Mr S Bratt addressed the committee in relation to agenda item 5 (Cheshire East Council Support for Proposed Future Rail Schemes) on behalf of Crewe Branch, Associated Society of Locomotive Engineers and Firemen (ASLEF) and spoke in relation to condition c (paragraph 31 of the officer report) and stated that this Mid-Cheshire Line would be difficult to operate and cost significant monies, and referred to the work of the Local Rail Users Association who were campaigning for a different connection to Manchester Airport. Mr Bratt suggested that the committee explore this further before imposing the condition. Mr Bratt also spoke in relation to the Higgins report for Regional Mayors and stated that the Crewe Station section and upgrades needed were the responsibility of Network Rail, who had a track and signalling upgrade plan which had been developed following the HS2 cancellation announcements. Mr Bratt felt that the council should clarify the source of funding to allow this project to continue. Mr Bratt shared his concerns in relation to links between the Cheshire Connector and Network Rail at Crewe North, and finally, stated that there was a missed opportunity for a motorway linked Parkway station near the Lymm Interchange which would generate economic activity within the Cheshire East Borough.

47 **CHESHIRE EAST COUNCIL SUPPORT FOR PROPOSED FUTURE RAIL SCHEMES**

The committee considered the report which set out work to date to establish a Cheshire East Council position on two emerging rail proposals impacting the borough (Liverpool to Manchester Railway section of Northern Powerhouse (NPR) project and the High Speed 2 (HS2) alternative Midlands – North-West Rail Link.

Having a clear council position on rail matters impacting the borough was essential to ensure Cheshire East could engage fully with key partners, including central government and sub-regional authorities and the Private Sector Consortium, to further understand the impact and benefits for the borough.

The committee agreed that the wider benefits for the borough and beyond needed to be considered and form part of the council’s lobbying. Delivering capacity improvements at Crewe Station would support opportunities for new strategic connections at Crewe and free up capacity for other lines, unlocking wider benefits. It was confirmed that once the council had a clear agreed position, officers could begin to explore further costs, impacts and benefits that would be clearly communicated with members and local communities. Ensuring Cheshire East residents, and future generations, benefited from any proposals was important.

The committee welcomed the proposal to re-establish the Member Reference Group. The Member Reference Group would be key in sharing intelligence and seeking member views throughout the process. A friendly amendment was supported by the committee that the Member Reference Group Membership (Appendix 2) be expanded to include Councillor Stewart Gardiner as the local ward member for Knutsford, an area which would be impacted significantly by the proposals.

RESOLVED (by majority):

That the Corporate Policy Committee recommend to Full Council that:

1. The Council provisionally support:

   a. the proposed Liverpool to Manchester Railway Section of the NPR.

   b. the use of the High Speed Rail (Crewe – Manchester) Bill to deliver the Liverpool to Manchester Railway.

   provided that the conditions set out in paragraph 31 of the report are met.

2. The Council remains a member of the Liverpool to Manchester Partner Board, acting at all times, under the agreed positions set out above.

3. The Council welcomes the progression of alternative options to HS2, to improve rail connectivity and capacity between the Midlands and the North-West, but the Council would only lend its support to schemes that put Crewe at the heart of the solution and deliver:

   a. Enhanced connectivity from Crewe with improved direct services to key conurbations including London, Birmingham and Manchester;

   b. Enables, facilitates and delivers the necessary capacity, upgrades and rationalisation at Crewe Station to enable any new services on an alternative north-south link to call at Crewe;

   c. Supports and enables investment and growth in Crewe including the regeneration of Crewe Town Centre and provision of high quality links to the Crewe Station and;

   d. Provides appropriate and sufficient mitigation against the negative impacts of the scheme, and its construction, on the borough, its residents and business and on the local environment.

4. The Council only support the use of existing powers secured via the HS2 phase 2a hybrid bill to deliver part of any alternative north-south rail link if the scheme delivers the conditions set out above.

5. The HS2 Member Reference Group be re-established and refocussed to support the Council's strategic priorities and positions.

6. Approve the revised Terms of Reference and membership changes for the Member Reference Group as proposed in Appendix 2, subject to the membership being extended to include Cllr Stewart Gardiner.

48 **SECOND FINANCIAL REVIEW 2024/25 (CORPORATE POLICY COMMITTEE)**

The committee considered the report which set out the current forecast outturn for the financial year 2024-25 based on income, expenditure and known commitments. The Second Financial Review (FR2) position shown an adverse variance of £20.1m (prior to the application of any Exceptional Financial Support) which was an improvement of £6.5m from FR1.

The committee requested an update on capital projects that had been delayed/reprofiled. It was highlighted that there was an ongoing review of the Capital Programme but currently, no projects had been stopped and that any decision relating to a project would be considered by the appropriate service committee. It was anticipated that a more detailed update on the Capital Programme would be provided in January 2025.

Members queried the use of Exceptional Financial Support and noted that a detailed piece of work on how it could be financed, including consideration of borrowing and capital receipts, how EFS would be calculated and its impact on the revenue account was underway. The S151 officer continued to meet frequently with colleagues from MHCLG where EFS would be discussed.

The committee acknowledged the difficult financial position the council was in and that many local authorities across the country were facing similar pressures, particularly in demand-led services. The committee agreed that transformation in those areas was critical, but costs needed to be reduced without having long-term consequences.

RESOLVED:

That the Corporate Policy Committee

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £20.1m against a revised budget of £395.4m (5.1%). Note the contents of Annex 1, Section 2 and review progress on the delivery of the MTFS approved budget policy

change items, the RAG ratings and latest forecasts, and to understand the actions to be taken to address any adverse variances from the approved budget.

2. Note the in-year forecast capital spending of £157.7m against an approved MTFS budget of £215.8m, due to slippage that has been re-profiled into future years.

3. Note the available reserves position as per Annex 1, Section 5.

49 MEDIUM TERM FINANCIAL STRATEGY UPDATE AND CONSULTATION 2025/26 - 2028/29 (CORPORATE POLICY COMMITTEE)

The committee considered the report which set out how the council would resource the achievement of the Cheshire East Plan and the process to be undertaken for budget consultation and stakeholder engagement for the financial year 2025-26 budget setting.

The committee noted the proposed budget change items detailed in Appendix A, and that the proposals compiled to date did not yet go far enough to balance the budget in line with the revised estimated funding envelope for 2025/26 as it was currently known. There were however a significant number of moving parts in terms of funding, that would have a significant amount of uncertainty in them, and further detail was awaited via the Provisional Local Government Settlement. The Chancellors Budget published on 30 October also did not give detailed settlement information in terms of the extra grant funding announcements. The committee noted that it was anticipated that this year would be the final one-year local government settlement and that in future years multi-year financial settlements were anticipated.

The committee highlighted concerns in relation to adult social care charging proposals and the potential impact this would have on self-funders. Officers committed to feeding back the concerns of the committee to the Executive Director with a view to a more detailed update/modelling being provided to the Adults and Health Committee. It was confirmed that increased client contributions reflected changes in benefit levels and inflation levels which would be built into fees and charges.

The committee noted the proposed budget changes relating to Corporate Policy Committee ‘accelerating digital’ and requested a more detailed update on this.

RESOLVED:

That the Corporate Policy Committee

1. Note the forecast revenue budget position for the medium-term as set out in Table 1 of the report, following the 30 October 2024 budget announcements.

2. Note the draft growth and savings budget proposals for 2025-26 to 2028-29 as included in Appendix A.

3. Note the detailed list of Capital Growth Requests in Appendix B.

4. Note that officers will continue to challenge draft proposals and develop further proposals in consultation with Members prior to approval by Full Council.

5. Note that discussions continue with central government about potential requirements around Exceptional Financial Support as part of the options to close the gaps in the budget.

6. Note the approach to budget consultation and engagement for 2025-26.

7. Note that Committees will be presented with the opportunity to review the full set of financial proposals, designed to achieve a balanced budget, as part of the January 2025 cycle of meetings prior to recommendations being made to Full Council for approval.

50 **COUNCIL TAX BASE 2025/26**

The committee considered the report which set out the council taxbase calculation 2025-26. It was clarified that the council taxbase had been calculated as 163,261.10. The taxbase reflected an increase of £5.9m (1.9%) on the 2024/25 budgeted position which was £2.7m higher than the £3.2m (1%) forecast increase reported in February 2024. £1.2m of this improvement related to the introduction of the new 100% premium chargeable on second furnished homes from April 2025. A further £1m income was also being raised from the introduction of the empty homes premium for properties over 1 year which commenced in April 2024 but had not been included in the taxbase calculation for 2024/25.

Charging Town and Parish Councils for all-out Borough Elections was raised. It was confirmed that officers were continuing to work on calculations, and this would be shared at the earliest opportunity. It was anticipated that payments would be phased.

RESOLVED (unanimously):

That the Corporate Policy Committee

1. Recommend to Full Council, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the

amount to be calculated by Cheshire East Council as its Council taxbase for the year 2025-26 as 163,261.10 for the whole area.

2. Note the Council Tax Support scheme is agreed for 2025-26 as unchanged other than the increases inline with CPI, as agreed in the last consultation.

The meeting adjourned for a short break at 11.56am and reconvened at 12.08 pm.

51 **PERFORMANCE REPORT - CHESHIRE EAST PLAN, QUARTER 2 2024/25**

The committee considered the report which provided an overview of organisational performance against the priorities and vision set out in the Cheshire East Plan 2024-25 during the period 1 July 2024 – 30 September 2024.

The committee welcomed the report and the positive update that out of the 66 priority actions included within the Cheshire East Plan 2024/25, 50 were on track – an improvement from Q1. The committee queried the number of actions ‘not yet started’ and noted that the increase from Q1 was the result of more accurate ratings resulting from a review of the RAG rating system applied.

There had been an increase in the levels of staff turnover during Q2. The committee noted that within the Children and Families Directorate, the staff turnover rate was 10.3% during Q2. The committee requested more information on this along with comparative statistics from previous years. Officers committed to providing a written response.

Priority action A1.1.3 referred to scrutiny training for committee members by December 2024. It was confirmed that this date wouldn’t be achieved as options were being explored further to ensure that members received quality training. A new revised programme would be developed and whilst the Council had an overall member development strategy, this had not been reviewed for a number and years and therefore it was in the process of being revised and refreshed.

RESOLVED:

That the Corporate Policy Committee note the progress and performance against delivery of the Cheshire East Plan 2024-25 in Q2 2-24-25.

52 **HR POLICIES AND PROCEDURES**

The committee considered the report and proposed new Sexual Harassment Policy and Procedure and the Social Media Policy, as well as changes to the current Dignity at Work Policy and Procedure and the Equality, Diversity and Inclusion Policy.

The committee welcomed the policies and agreed that the introduction of training would be important in ensuring the successful implementation and that any future member training programme should reflect the introduction of these new/amended policies.

The role of Elected Members was raised. It was confirmed that the Member Code of Conduct and Member / Officer Protocol, set out in the Council Constitution would assist members in understanding their roles and responsibilities. It was highlighted that a number of Elected Members received regular communication via various platforms including Whatsapp and Twitter. The committee agreed that this was an area that should be considered further, with coping strategies and guidance made available for members.

RESOLVED (unanimously):

That the Corporate Policy Committee

1. Approve the Sexual Harassment Policy and Procedure.

2. Approve the Social Media Policy.

3. Approve the changes to the Dignity at Work Policy and Procedure.

4. Approve the changes to the Equality, Diversity and Inclusion Policy.

53 **SIX MONTHLY COMPLAINTS AND COMPLIMENTS UPDATE 2024-25**

The committee received a summary and analysis of complaints and compliments received by the Council between 1 April 2024 – 30 September 2024.

It was noted that a significant number of correspondence received often related to registering issues on council application sites, such as Fix My Street. Concerns were raised in relation to the Fix My Street / Confirm API system and automated messaging not providing residents with updates. Officers committed to exploring this issue further and providing a written response. It was noted that for Highways, the service would move to a new reporting system which was currently being tested, before being rolled out.

It was noted that a number of complaints received related to adult social care. The committee queried if this related to changes in the way the service operated as a result of transformation initiatives or a reflection of the private care market where there was often a lack of understanding around responsibilities. Officers committed to providing a written response.

RESOLVED:

That the Corporate Policy Committee

1. Note the complaints and compliments data, and the briefing material set out within the report relating to the first half of the 2024-25 financial year.

2. Note the issues raised and improvements made in respect of the management of complaints across the Council contained within the report.

3. Note the Council's compliance with the Corporate Complaints Policy, and with the recommendations of the Ombudsman.

54 **CHANGES TO THE COUNCIL'S CONSTITUTION**

The committee considered the report which set out proposed changes to the Constitution, as agreed and recommended by the Council's Constitution Working Group, relating to Notices of Motion, the Petitions Scheme, revised Job Descriptions for the Leader, Deputy Leader, Chairs, Vice Chairs and Opposition Spokespersons, significant decisions and electronic voting.

It was proposed that the Job Description for the Leader and Deputy Leader (Appendix 2) be renamed from "Role and Powers of the Leader and Deputy Leader of the Council" to "Role of the Leader and Deputy Leader of the Council". This was accepted by the committee as a friendly amendment.

It was clarified that item K, within the Job Description for Opposition Spokespersons, was proposed to remain within the JD as opposition members now attended 'Opposition Briefing' meetings with senior officers across the council.

It was clarified that Appendix 1 (Revised Petition Scheme) contained a typing error and that the final sentence of the first paragraph should read "subject to the decision of the Monitoring Officer as to which meeting will receive it".

RESOLVED (unanimously):

That the Corporate Policy Committee recommend to Full Council that:

1. The revised Petition Scheme, as appended to this report at Appendix 1, be approved, with the typing amendment being made as set out above.

2. The revised Job Descriptions for the Leader and Deputy Leader, Chairs and Vice-Chairs and Opposition Spokespersons, as

appended to this report at Appendices 2,3 and 4, be approved, subject to the title of the Leader/Deputy Leader JD being amended to ‘Role of the Leader and Deputy Leader of the Council’.

3. The amendments to the Constitution in relation to rules of Notices of Motion, Significant Decisions and electronic voting as set out in paragraphs 17 to 19, 26 to 28 and 32 to 35 of the report be approved.

4. The Acting Governance, Compliance and Monitoring Officer be given delegated powers to make any necessary changes to the Council’s Constitution as she deems are required to implement the decision of Full Council.

55 **APPOINTMENTS TO OUTSIDE ORGANISATIONS**

The committee considered the report which set out proposed changes to appointments to outside organisations.

An amendment was proposed in relation to recommendation 4 by the Independent Group. It was proposed that Councillor Hannah Moss be the council’s representative on the Manchester Airport Consultative Committee. This was accepted by the committee as a friendly amendment.

RESOLVED (unanimously):

That the Corporate Policy Committee

1. Approve the appointment of Councillor Ben Wye as one of the Council’s representatives on the Cheshire Brine Subsidence Compensation Board.

2. Approve the appointment of Councillor Michael Gorman as the Council’s representative on the Transport for the North: General Purposes Committee.

3. Approve the appointment of Councillor Cllr Joy Bratherton as one of the Council’s representatives on the Cheshire Pension Fund.

4. Approve the appointment of Councillor Hannah Moss as the Council’s representative on the Manchester Airport Consultative Committee.

5. Note that these appointments will run until the Council’s representation on all outside organisations is reviewed following the election of the new Council in 2027.

56 **WORK PROGRAMME**

The committee considered the Work Programme. The following was noted:

- It was agreed that a piece of work on harassment of councillors should be undertaken with an update reported back to Corporate Policy Committee in approx. six months. Members referred to a report recently prepared by the Local Government Association on this matter which would assist in exploring options available.

RESOLVED:

That the Work Programme be received and noted.

57 **MINUTES OF SUB-COMMITTEES**

RESOLVED:

That the minutes of the General Appeals Sub Committee held on 5 November 2024 be received and noted.

58 **STRATEGIC RISK ASSURANCE REPORT QUARTER 2 2024/25**

The committee considered the report which provided an update on the activity of the strategic risk register during July – September 2024.

The committee noted the strategic risk register, which contained 20 risks. During Quarter 3, a review of the risk register would be undertaken with the Corporate Leadership Team, and it was anticipated that the content, risk descriptions and scoring matrix would change for Quarter 3 reporting. Corporate Leadership Team will consider the strategic risk register alongside key areas and priorities set out in the Corporate Plan and MTFS.

The following comments were noted from the committee:

- SR16 Failure of the Local Economy – it was noted that this risk was proposed to be removed from the strategic risk register as a result of the net score of this risk being assessed at 2 during the last two quarters, considerably lower than the target risk score of 12.

- SR0 Failure to Protect Vulnerable Children – concerns were raised in relation to staffing within the Contextual Safeguarding Team, which was currently led by a single member of staff. The committee requested an update on plans to reduce the risk that this posed to the organisation and to its vulnerable children, Officers committed to providing a written response.

- SR02 Fragility and Failure in the Social Care Market – concerns were raised in relation to the recent budget announcements and the impact this would have on the financial viability of the care market. It was agreed this this needed to be monitored closely, and an update on mitigations included in Quarter 3 reporting.

RESOLVED:

That the Corporate Policy Committee

1. Note the position of the Council's Strategic Risk Register and those of the wholly owned companies for Quarter 2 2024-25, in respect of the content, description, scoring and risk management activity outlined within the report.

The meeting commenced at 10.00am and concluded at 1.30pm

Councillor N Mannion (Chair)

OPEN

Corporate Policy Committee

6 February 2025

Third Financial Review 24/25

Report of: Adele Taylor, Interim Executive Director of Resources (Section 151 Officer)

Report Reference No: CP/13/24-25

Ward(s) Affected: Not applicable

For Decision or Scrutiny: Both

Purpose of Report

1 This report provides the current forecast outturn for the financial year 2024/25 based on our income, expenditure and known commitments as at the end of October 2024. It also identifies actions that are being taken to address adverse variances to urgently address our financial sustainability.

2 The report provides the forecast outturn for all services, to provide Members with contextual information on the position for the whole Council. Members are asked to focus their scrutiny on the forecasts and supporting information relating to services within the remit of the Committee whilst understanding the overall context as a whole.

3 The report highlights any changes and external pressures that are impacting the Council since setting the budget in February 2024. Annex 1, Section 2 of the report highlights what the Council is forecasting to achieve as part of the 2024/25 approved budget changes per line (growth and savings).

4 As set out in previous Financial Reviews, the requirement to continue to identify further actions in order to bring the Council back to a position where we are living within our means remains, and it will be important that these actions are closely monitored, and appropriate action taken to manage our resources. This report includes information on the actions that are currently underway.

5 Reporting the financial forecast outturn at this stage, and in this format, supports the Council's vision to be an open Council as set out in the Cheshire East Council Plan 2024/25. In particular, the priorities for an open and enabling organisation, ensure that there is transparency in all aspects of council decision making.

6 The report also requests member approval for amendments to the Council's budget in line with authorisation levels within the Constitution.

Executive Summary

7 The Council operates a financial cycle of planning, review, management and reporting. This report ensures that we review where we are and provides a forecast **outturn** position for the 2024/25 financial year whilst also identifying the actions that need to be taken to manage our overall resources. The information in this report also supports planning for next year's budget by identifying issues that may have medium term impacts.

8 The Council set its 2024/25 annual budget in February 2024. The budget was balanced, as required by statute, with planned use of reserves of £22m, plus £30m of savings to achieve in year, and included important assumptions about spending in the year. The budget is part of the Medium-Term Financial Strategy (MTFS) 2024 to 2028.

9 The Third Financial Review (FR3) forecast revenue outturn is an **adverse variance of £18.3m** (prior to the application of any Exceptional Financial Support), an improvement **of £1.8**m from FR2, as detailed below in **Table 1**:

Table 1 2024/25 FR3	**Revised Budget (NET) £m**	**Forecast Outturn £m**	**Forecast Variance £m**	**Forecast Variance FR2 £m**	**Movement from FR2 to FR3 £m**
Service Committee					
Adults and Health	138.0	157.9	20.0	20.8	(0.8)
Children and Families	93.0	98.5	5.4	5.4	0.0
Corporate Policy	41.9	44.4	2.5	2.4	0.1
Economy and Growth	28.1	24.3	(3.8)	(3.3)	(0.5)
Environment and Communities	48.4	47.8	(0.6)	(0.1)	(0.5)
Highways and Transport	16.0	15.5	(0.5)	(0.6)	0.1
					-
Sub-Committee					
Finance Sub:					-
Central Budgets	25.1	20.5	(4.6)	(4.5)	(0.2)
Funding	(390.5)	(390.5)	-	0.0	(0.0)
					-
TOTAL	**(0.0)**	**18.3**	**18.3**	**20.1**	**(1.8)**

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10 Whilst an improvement on the Second Financial Review of £1.8m (see mitigations in para 28), the forecast overspend of £18.3m remains a significant financial challenge for the Council. The FR3 forecast reserves, after agreed movements budgeted for in the 2024-28 MTFS, are currently £14.0m, being £4.5m of General Fund Reserves and £9.5m of Earmarked Reserves. The Council's level of reserves is therefore insufficient to cover the current forecast revenue outturn for the year without further action.

Table 2: Proposed use of Exceptional Financial Support and Reserves as at FR3

Exceptional Financial Support & Reserves FR3	£m
FR3 Forecast Overspend	18.3
Exceptional Financial Support	(17.6)
Forecast Tfr from Reserves	(0.7)
24/25 Outturn	**-**
Reserves	
General Fund	4.5
Earmarked Reserves	9.5
Original Forecast at 31st March 2025	**14.0**
Forecast Transformation spend 2024/25	(4.1)
Forecast Tfr from Reserves	(0.7)
Forecast Total Reserves at 31st March 2025	**9.2**

11 As noted in para. 9 above, the forecast adverse variance of £18.3m does not assume the use of the Exceptional Finance Support (EFS) that was requested in 2023/24 and 2024/25 and was agreed in principle, subject to a number of conditions being satisfied, including the submission of a transformation plan at the end of August 2024. It also does not assume the cost of accepting that EFS support which would impact on the cost of borrowing over the medium term.

12 A further condition of the EFS was that an independent review was undertaken by CIPFA on behalf of MHCLG to understand the Council's financial management and sustainability. The review was commissioned by and for MHCLG and the Council has not yet had sight of this review to understand any implications or improvements that could be made to existing processes. This was submitted to MHCLG in August 2024

13 In order to address the risk to services from the Council's budgetary pressures, there was an urgent report to Council on the 11th December 2024 on Exceptional Financial Support (EFS). The report sought the authority for the Chief Executive to request that the in-principle EFS of up to £17.6m by way of a capitalisation direction for 2023/24 and 2024/25 be able to be applied only in 2024/25, from the Secretary of State for Housing, Communities and Local Government in order to address the Council's budgetary pressures during the financial year 2024/25. The full report can

be found here: CEC Report Template. In addition, the report also addresses the current risks that are identified and considered in the model for the Medium Term Financial Plan (MTFP), as per the report to Corporate Policy Committee on Thursday 28th November 2024 (Item49), hence further requests for 2025/26 of £31.4m and indications of £23.7m for 2026/27 should also be requested, alongside all of the supporting evidence and information requested by MHCLG. The costs of accepting the EFS support will impact over the medium term. The financing of planned use of EFS will be reflected in the MTFP report to Corporate Policy Committee in February. The financing will also reflect that the first call on any capital receipts, over and above the £2m accounted for in the approved revenue budget, will be utilised to finance the EFS.

14 As indicated in Table 2, the FR3 report, recognising the requests in the urgent report to Council on 11 December 2024, is proposing to utilise the full £17.6m conditional EFS to cover the forecast adverse variance in 2024/25 in order to protect and minimise the use of reserves. Table 2 identifies that the FR3 forecast remaining adverse balance of £0.7m is forecast to be funded from Reserves however urgent action continues to further reduce the overspend by the year end. Should the FR3 forecast position prevail at out-turn then the balance of reserves will be £9.2m after applying the whole £17.6m EFS and £0.7m from reserves.

15 There remains a risk that pressures leading to the latest FR3 forecast position may increase that shortfall figure if further rapid action does not take place to stabilise our financial position.

16 The FR3 forecast position for capital spending for 2024/25 indicates forecast capital expenditure of £144.7m against the MTFS budget of £215.8m (FR2 £157.7m).

17 **Table 3** sets out the capital programme profiling changes from FR2:

Table 3	2024/25 Estimate £000s	2025/26 Estimate £000s	2026/27 Estimate £000s	2027/28 Estimate £000s	2024/28 Total £000s
Capital Programme FR2	157,661	151,770	115,852	225,173	650,456
Funded by:					
Borrowing	45,101	57,996	14,802	25,044	142,943
Grants and other contributions	112,560	93,774	101,050	200,129	507,513
	157,661	151,770	115,852	225,173	650,456
Capital Programme FR3	144,670	157,134	104,400	243,852	650,056
Funded by:					
Borrowing	40,967	51,807	19,093	29,245	141,112
Grants and other contributions	103,703	105,327	85,307	214,607	508,944
	144,670	157,134	104,400	243,852	650,056
Movement from FR2	(12,991)	5,364	(11,452)	18,679	(400)

18 All of the current schemes requiring borrowing have been reviewed by the Executive Directors and Directors and they have indicated that most schemes need to continue for various reasons (e.g. provision of sufficient SEND school place schemes are part of the mitigation plans agreed with the

DfE prior to the award of additional High Needs Funding; the Strategic Leisure Review is an invest to save scheme as are Fleet EV Transition and Fleet Vehicle Electric Charging; Public Sector Decarbonisation Schemes require match funding to support the grant and will bring energy efficiencies).

19 There have been some schemes where reductions have been made, for example the Children's Home Sufficiency Scheme has been reduced by £0.69m and the review of Household Waste Recycling centres has been reduced by £1m, and a few schemes are proposed to be removed altogether as they are considered unaffordable. e.g. the Strategic Capital scheme £6.8m.

20 Changes to the capital programme at this stage of the year will have a limited impact on the current year financial position but reductions in borrowing achieved through the capital review will be reflected in the revenue position each year in the MTFS for 2025-29.

21 In order to maintain the current level of scrutiny of capital projects and their financing a new Capital Programme Board will be set up in January. Please see the MTFS Consultation report for further detail.

22 The current forecast for achievable capital receipts in year is £2.3m, with a further £0.8m also achievable in year. These receipts can be used to reduce revenue pressures from borrowing in year or could be used to assist with funding of transformation activity.

23 Following a Balance Sheet Review by our Treasury Advisors, Arlingclose Ltd, we are reviewing our current Minimum Revenue Provision (MRP) and Capital Financing Requirement (CFR) policy with a view to bringing it in closer alignment with CIPFA Guidance. The Council currently uses a 2% annuity rate on all its unfinanced capital expenditure. This rate was originally set in 2017 and does not bear any resemblance to the current cost of the borrowing, nor distinguish between assets which have different useful lives. Options to change the rate applied to a rate more reflective of actual borrowing costs and asset life are being considered with effect from 1 April 2024. Should any changes be proposed then these will be reported in the MTFS report to the Corporate Policy Committee in February 2025 setting out the change in Accounting Policy and the effects of the change on the 2024/25 out-turn position and future year impacts through the MTFS.

24 Any such changes to the policy would need to be made in the current year due to new regulations coming in from 1st April 2025 and would therefore have the benefit of reducing the current year charge to revenue with a betterment to the overall outturn position. This has not yet been included in the figures reported within this document. However, making such a change has long term implications and therefore should not be undertaken without discussion with our auditors.

25 The Strategic Finance Management Board leads on a number of key tasks to urgently reduce spend and identify additional savings, including:

- Line-by-line reviews of all budgets to further identify immediately any underspends and/or additional funding;
- Stop any non-essential spend;
- Actively manage vacancies, particularly agency usage and reduce any overspends on staffing as soon as possible;
- Review of Section 106 legacy budgets, the effects of which are partly reflected in the FR3 forecast outturn as a one-off contribution to reserves (to be further updated by out-turn);
- Reducing the borrowing elements of the capital programme to minimise the minimum revenue provision and interest payable.
- Review of capital receipts available and potential surplus assets that can be sold (for best consideration);
- Identification of any other areas of discretionary spend including grants awarded, where spend can be reduced or stopped;
- Review Debt management/overall level of bad debt provision – work undertaken to date, focussing on the Adult Social Care bad debt provision, has identified through adopting a new approach to reviewing and monitoring these debts, an improvement (reduction) of the Council's bad debt provision of £1.1m, further work is ongoing and will be updated at Out-turn.

Overall mitigations planned to manage pressures

26 The Strategic Finance Management Board is leading on a number of key tasks to urgently reduce spend and identify additional savings as noted above.

27 In addition, any directorate that is identified as being off target by more than 5% is now subject to a detailed finance and performance review on a weekly basis through a financial recovery review process. This includes a detailed action plan, identifying what can be done to sustainably reduce the pressure and gaining assurance over the management of those actions to deliver improved financial outturns. This process has been put in place for Adults Services and Children and Families and is being chaired by the S151 Officer.

28 As reported in paragraphs 34-55 below, work is underway across all Services to look at mitigating actions which can be taken to reduce the forecast position in-year, some of the actions below having contributed to the £8.2m improvement from FR1 position of £26.5m adverse, including:

- Adults - more certainty about the FR2 projections and the delivery of in-year mitigations, including a reduction in the forecast number of placements in-year.

- Children & Families – reviewing costs of placements, establishment reviews, Reunification of children, and Work on Edge of Care Service proposals to identify early intervention and cost reduction.
- Place Services – mitigations in year through further vacancy management, reducing expenditure and maximising funding opportunities.
- Corporate – Vacancy management and some additional income.
- Finance Sub – S106 and bad debt reviews generating one-off in year contributions to assist in reducing the in year overspend and review/reset process moving forward.

29 Paragraphs 56-57 below provides a summary overview of the forecast against the approved 2024/25 budget change items, including RAG rating. In addition, there is further detail per change item with accompanying commentary, as reviewed by the Council's Corporate Leadership Team, in respect of each item within **Annex 1, Section 2**.

30 **Annex 1: Detailed Third Financial Review 2024/25**

- **Section 1** 2024/25 Forecast Outturn
- **Section 2** 2024/25 Approved Budget Change Items
- **Section 3** Revenue Grants for approval
- **Section 4** Capital
- **Section 5** Reserves
- **Section 6** Treasury Management

Annex 2: 2024/25 Capital Monitoring

RECOMMENDATIONS

The Corporate Policy Committee to:

1. Review the factors leading to a forecast adverse Net Revenue financial pressure of £18.3m against a revised budget of £390.5m (4.7%). To scrutinise the contents of **Annex 1, Section 2** and review progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and to understand the actions to be taken to address any adverse variances from the approved budget.

2. Review the in-year forecast capital spending of £144.7m against an approved MTFS budget of £215.8m, due to slippage that has been re-profiled into future years.

3. Note the available reserves position as per **Annex 1, Section 5**.

4. Note the Capital Virements above £500,000 up to and including £5,000,000 as per **Annex 1, Section 4, Table 4** will be approved in accordance with the Council's Constitution.

Background

31 This single view of the financial picture of the Council provides the overall financial context.

32 The management structure of the Council is organised into four directorates: Adults, Health and Integration; Children's Services; Place; and Corporate Services. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan. Budget holders are responsible for ensuring they manage their resources in line with the objectives of the Council and within the approved budget.

33 For the purposes of each committee, these directorate budgets are aligned to a specific committee and the appendices to this report provides information at a level that the committee should have the ability to be able to scrutinise what is causing any variations in budget and appropriate actions to bring the council back into line in terms of managing its resources.

Key issues causing the pressures

34 There are a number of key issues causing the forecast revenue overspend, including: Update as required :

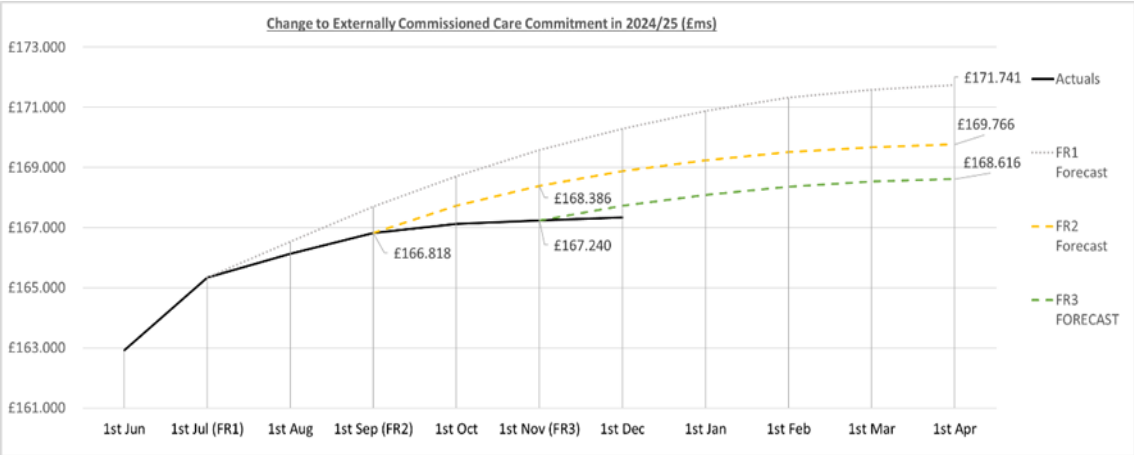
- Ongoing adverse effects of the extended period of high inflation and interest rates;
- Continued increasing demand and complexity of care beyond the levels that had been previously identified;
- Increase in staff costs, including use of agency staff and impact of National Living Wage which also impacts on our third party commissioned contracts;
- Increased borrowing costs associated with the unfunded Dedicated Schools Grant (DSG) deficit;
- Non delivery of some previously agreed savings and/or income targets;
- The financial impact of investment in transformation and improvement activity over the medium term.

Specific commentary on the forecast outturn position by Committee

Adults and Health adverse variance of £20.0m

35 The Adults, Health and Integration budget is forecast to overspend by £19.956m. The £19.956m is primarily driven by an overspend of c£23m linked to care costs and pressures on staffing of c£2.m. These pressures are reduced by a variance client income of c£4m, and other mitigations c£1m. The key drivers of forecast expenditure remain price increases, staff costs and increase in complexity.

36 The FR3 position has improved by c£700k from the FR2 forecast. This reflects the progress made to mitigate future demand. There is more certainty about the projections and the delivery of in-year mitigations, including a reduction in the forecast number of future placements in-year as shown in the graph below.



37 As noted previously the key driver of expenditure in adult social care is the number of people in receipt of care and the cost of each individual's care. The forecast has stabilised because we believe we will make fewer new placements in the second half of the year than we made in the first half of the year.

38 There is close alignment between the work being undertaken to manage budget pressures and the transformation plan. There will be some impact in-year including in respect of pricing, the focus on the review of supported living services, and services to support people at home. However, there are also risks including the reduction in the number of agency staff which has led to an increase in waiting times for services and disputes with providers in respect of price increases. In addition, the NHS is currently reporting unprecedented levels of demand in the pre-Christmas period.

Children and Families adverse variance of £5.4m

39 At the end of the last financial year the outturn for Children and Families was an overspend of £8.2m. The Medium-Term Financial Strategy included growth to address the pressures that were emerging throughout 2023/24. The costs of children's social care are a concern for many local authorities and not unique to Cheshire East. The Third Financial Review for 2024/25 reflects a £5.4m in-year pressure. Although the overall position remains the same as at the Second Financial Review, there was an increase in Social Care Cost relating to cost of agency staff and unaccompanied asylum-seeking children, offset by improvement in transport and catering forecast, reduced staffing cost due to vacancy management and use of grants in Education, Strong Start and Integration.

The key pressure areas for the directorate include:

40 Children's social care placements (£2.6m adverse variance) where the complexity of children in care has continued to increase and the number of children in care has increased from 528 at April 2024 to 556 at October 2024 (compared to a decrease from 586 at April 2023 to 551 at October 2023). Placement costs are increasing by significantly more than inflation and more than was projected for growth in-year.

41 The use and cost of agency staff in children's social care to cover vacancies, sick absence, and maternity leave.

42 The number of staff is greater than the planned establishment to ensure we are able to meet our statutory needs. Work is underway to ensure the staffing structure is suitably funded and factored into the MTFS for 2025/26.

43 Home to school transport costs (£0.1m adverse variance) – where a mix of increasing numbers of pupils with an education, health and care plan (EHCP), and increasing fuel costs have seen overall costs rise.

44 Schools Catering (£0.4m adverse variance) – where the costs of the service are above the current charged income level and base budget.

45 Work is underway in the services to look at mitigating actions which can be taken to reduce this forecast position in-year, and these pressures will be considered as part of the developing MTFS for 2025/26. These include:

- Reviewing costs of placements as more detailed reviews are underway focusing on the expected length that some placements may need to be in place for;
- Staffing establishment reviews now scheduled on a 6 weekly basis including a review of agency staff and alternative working;
- Reunification children to be identified with targeted work in place for individual cases;

- Tracking of similar spend across teams to be held in the same place as residential and supported accommodation spend to increase overall grip and understanding;
- Work on Edge of Care Service proposals to identify early intervention that may reduce admissions and costs.

Dedicated School Grant (DSG)

46 The key pressure on DSG relates to the high needs block where the SEND service continues to see a significant increase in the number of pupils with an EHCPs, and the associated school placement costs.

47 This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £31.7m deficit in 2023/24. This adds on to the brought forward deficit of £46.9m to take the DSG Reserve to a £78.6m deficit position at the end of 2023/24.

48 This is an improvement on the budget gap as determined by the Council's DSG Management Plan that was reported to Children and Families Committee in April 2024 and set out the planned expenditure and income on high needs over the medium term.

49 The current forecast is showing an in-year deficit of £37.1m which would increase the overall deficit to £115.7m.

Corporate Policy adverse variance of £2.5m

50 The Corporate Services Directorate has a net budget of £41.7m. At Third Finance Review (FR3), the budget is forecast to overspend by £2.5m compared to a £2.4m overspend at Second Finance Review (FR2). The costs of the Transformation Programme are included in the above figures adding a £3.7m pressure to the forecast (£2.8m at FR2). Without this, the forecast would be a £1.2m underspend (£0.5m at FR2). It also must be noted that, following a recent review of staffing establishments, there are pending staffing budgets realignments to be actioned which will change individual service forecasts but not the overall figure for Corporate Services.

- Vacancy management in Corporate Services has resulted in the majority of services forecasting an underspend on staffing budgets totalling £2.4m (£2.1m at FR2). There is a staff budget pressure of £0.1m across Corporate Services relating to the estimated impact of the latest pay award offer versus the amount included in the MTFS however, due to the level of vacancies across the service, this is not an in-year pressure;

- Vacancy management has been combined with tighter control on non-pay spending across all services which is achieving a forecast underspend of £1.0m (£0.7m FR2);

- Additional income in the Registrations Service, and additional grant income in the Benefits Service.

However, these underspends have been offset by the following:

- Forecast spend of £3.7m (£2.8m FR2) on the Transformation Programme. The cost of the programme will be met from reserves or use of flexible capital receipts, the financial impact of these are shown elsewhere in the accounts;

- A forecast £1.4m (£1.3m FR2) under-recovery of Rent Allowances;

- A forecast overspend of £0.5m (£0.4m FR2) on the Transactional Service Centre (TSC), hosted by Cheshire West and Chester, mainly due to the additional costs of the stabilisation programme which has been put in place to improve the performance of the service and recognises the need to change the way in which Unit4 is used. This was an issue highlighted in the Corporate Peer Review;

- There is a forecast overspend in Accountancy mainly due to of £0.3m additional costs including Bank Charges and External Audit fees.

Place Directorate favourable variance of £4.9m

51 Overall, the Place Directorate is forecasting an underspend of £4.9m at the Third Financial Review stage against a £92.5m budget. This represents a £0.9m improvement from FR2. Pressures from reducing planning application income (£0.5m), increased waste collection and disposal costs (£0.5m) and yet to be secured savings against leisure (£0.4m) have been mitigated through further vacancy management, reducing expenditure and maximising funding opportunities.

Economy & Growth favourable variance of £3.8m

52 Growth and Enterprise Directorate and Place Directorate are forecasting an underspend of £3.6m against a net budget of £28.1m. The key reasons for the underspend are:

- Facilities Management: there is a £1.7m underspend forecast. This includes pressures against maintenance budgets of £0.5m (additional pressures and delivery of savings), costs of workplace initiatives and equipment of £0.4m, the transfer of underspends to offset Place MTFS targets across the Directorate £0.6m and these have been offset by:

- Savings against gas and electricity compared to much higher budgeted costs £3.0m.
- Business rates underspend of £0.2m due to revaluations and appeals.
- Underspends from vacancy management £0.5m.

- Economic Development: £0.3m underspend from vacancy management, reduced supplies £0.1m and increased income £0.1m.

- Housing: £0.6m underspend from vacancies and extra grant funding.

- Green infrastructure and Cultural Economy £0.4m due to vacancies.

Environment & Communities favourable variance of £0.6m

53 Environment and Neighbourhood Services is forecasting an underspend of £0.6m against a net budget of £48.4m. This is a £0.5m improvement from FR2. The key reasons for the forecasting underspend are:

- Development Management: £0.2m overspend reflecting pressures from a shortfall in income from planning applications £0.5m and pressures on supplies and services of £0.1m. These are offset by vacancy management £0.4m.

- Environmental – Commissioning: Orbitas £0.2m underspend overall due to better income performance.

- Libraries: £0.1m overspend including pressures of £0.5m from the delivery of the MTFS savings which is offset by £0.3m vacancy management and £0.1m underspend from MTFS growth for exploring a charitable trust model.

- Leisure Commissioning: £0.4m overspend (delivery of MTFS savings)

- Other service issues: £1.1m underspend:
    - Building Control: £0.3m underspend (£0.1m pressure on income offset by £0.4m vacancies).
    - Local Land Charges and Planning Support: £0.2m underspend from vacancies.
    - Strategic Planning: £0.4m (£0.2m vacancy management plus £0.2m delayed Local Plan costs).
    - Regulatory Services: £0.2m (£0.3m vacancies offset by £0.1m CCTV costs).

Highways & Transport favourable variance of £0.5m

54 Highways & Infrastructure are forecasting an underspend of £0.5m against a net budget of £16m. This is a slight worsening of £0.1m since FR2 due to delayed car park income. The key reasons for the underspend are due to vacancies across Car Parking, Strategic Transport and Rail and Transport Integration.

Finance Sub favourable variance of £4.6m

55 Finance Sub Committee are reporting a positive variance of £4.6m against a revised net budget of £25.1m.

- Financing and Investment £0.5m net pressure reflecting £2.1m increased cost of interest payments on borrowing offset by £1.6m increased interest receipts from investments.
- Reserves use of £3.6m (net change from MTFS) reflects £0.5m additional Flexible Capital Receipts offset by £1m reduction in available Capital Financing Reserve at outturn compared to forecast balance reflected in the February 2024 MTFS. There is also an additional £4.1m use of the General Fund reserve forecast to fund transformation activities.
- There is a further £1.5m positive variance as a result of in year reviews of S106 balances/schemes and bad debt. The S106 Review identifying a one off contribution in year where work has been completed in prior years but has not been reflected in transferring money from S106 into the general fund, £0.5m initially reflected at FR2 with potential for further increased contributions at FR3; £01.1m reduction in the Adult Social Care bad debt provision, as referred to in para 77 below.

Progress on delivery of the 2024/25 approved budget change items

56 Table 5 presents a summary of the progress on the delivery of the 2024/25 approved budget change items. For items rated as Amber these are for items where there are risks and/or mitigating actions in place. For items rated as red these are for items where services are projecting an adverse variance and there is risk of in year non delivery/achievement. New mitigation items have also been included that have come forward since the approval of the MTFS to help the in-year position where identified.

57 As the green and blue columns show, £35.4m of the budget change items are either delivered or on track to be delivered or even exceed in some cases. However, there is also a pressure of £52.9m as shown in the red column that has a high risk of not being achieved within this financial year. There are new in year mitigations of £11m, unrelated to the change item

rows that have been identified to assist the outturn position. The table below summarises the progress by Committee:

Table 5: Summary of the progress on the delivery of the 2024/25 approved budget change items

Committee	Approved Change Budget £'000	Forecast Outturn £'000	Completed £'000	Could Exceed £'000	Green £'000	Amber £'000	Red £'000	Mitigations £'000
Adults & Health	1,136	21,092	-2,723	0	-9,216	0	33,625	-594
Children & Families	9,909	15,315	965	0	-764	214	14,017	883
Corporate Policy	494	2,954	-173	0	-117	0	1,581	1,663
Economy & Growth	3,316	-449	-61	0	3,866	-585	940	-4,609
Environment & Communities	-52	-688	875	-1,480	-268	47	2,397	-2,259
Finance Sub	-19,668	-24,294	600	0	-29,279	9,974	0	-5,589
Highways & Transport	4,869	4,335	2,488	0	1,700	275	328	-456
TOTAL	**-1**	**18,265**	**1,971**	**-1,480**	**-34,077**	**9,925**	**52,888**	**-10,961**

58 A complete list of all approved budget change items, with progress noted against each item, can be found in **Annex 1, Section 2**.

Revenue Grants for Approval

59 Approvals for Supplementary Revenue Estimates for allocation of additional grant funding are detailed in **Annex 1, Section 3**.

Reserves Position

60 On 1 April 2024, Earmarked Reserves totalled £32.278m and the General Fund Reserve Balance totalled £5.580m. Of the total earmarked reserves, more than £22m (70.5%) will be spent in 2024/25, on supporting the revenue budget for 2024/25.

61 Table 6 and 7 shows the forecast level of Earmarked and General reserves by the end of 2024/25.

62 As part of the 2023/24 Out-turn, some Earmarked reserves planned to be spent in 2023/24 were not fully spent in year and therefore an additional slipped amount of Earmarked reserves were brought forward into 2024/25. There is planned spend in place for these earmarked reserves across

Services however there is no current approval in place as they were not specifically reported for approval in the MTFS approved in February 2024. Table 6 below and the tables in Annex 1, Section 5 detail by Committee the reserves as an indicative scenario. Recognising that there is existing planned spend against these earmarked reserves in 2024/25 and also the desired outcome of ensuring e that the position on reserves is protected such that the out-turn forecast is not further worsened, it is proposed that the Corporate Leadership Team (CLT) carry out a strategic review of existing in-principle decisions on use of earmarked reserves for year end 31 March 2025 with the aim of supporting future financial sustainability. Examples of some of the earmarked reserves to be considered:

- Increasing the General Fund balance by transfer from earmarked reserves (e.g. MTFS reserve)

- Retaining and/or reinstating some earmarked reserves vital to our long-term financial planning (e.g. PFI reserve)

63 Following the CLT review, final recommendations will be made in the MTFS report to the Corporate Policy Committee on the 6 February 2025 as regards decisions on earmarked reserves used in 2024/25, and to be remaining as at 31 March 2025.

Table 6: Earmarked Reserves

Earmarked Reserves by Committee	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000
Adults and Health	**5,226**	(2,795)	(110)	0	**2,321**
Children and Families	**1,724**	0	(1,593)	(131)	**0**
Corporate Policy	**20,773**	(6,551)	(2,830)	(4,545)	**6,847**
Economy and Growth	**2,777**	(662)	(1,004)	(765)	**346**
Environment and Communities	**870**	(390)	(402)	(78)	**0**
Highways and Transport	**908**	(205)	(415)	(288)	**0**
EARMARKED RESERVES TOTAL	**32,278**	**(10,603)**	**(6,354)**	**(5,807)**	**9,514**

* All 'Additional Drawdown Requests' are subject to approval.
* Total excludes schools' balances

Table 7: General Fund Reserve

General Fund Reserve	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast	Additional Forecast Movement £000	Closing Balance Forecast 31 March 2025 £000
General Fund Reserve	**5,580**	(1,051)	0	(4,066)	**463**
GENERAL FUND RESERVE TOTAL	**5,580**	**(1,051)**	**0**	**(4,066)**	**463**

64 At FR1 the forecast closing balance at 31 March 2025 in the Council's General Fund Reserve was £4.5m. At FR2, a further £4m transformational spend has been included within the service forecasts which will be funded from General reserves, reducing the forecast balance to £0.5m. If it is possible to identify additional capital receipts these could potentially be used to capitalise this expenditure and this will remain an area that is under review.

65 The Council is currently forecast to have £9.514m of earmarked reserves at the end of the financial year 2024/25. Of this £2.279m can be considered ringfenced, with specific conditions limiting their use.

66 A full list of all earmarked reserves can be found in **Annex 1, Section 5**.

Dedicated Schools Grant Reserve

67 The Dedicated Schools Grant (DSG) is ring-fenced funding received for: schools; high needs / special educational needs; and early years provision. In recent years there has been a pressure on the DSG high needs block where funding has not kept pace with the increasing numbers and cost of children with an Education, Health and Care Plan. This has created a deficit DSG reserve balance which is held in an unusable reserve.

68 The on-going pressure is regularly reviewed; at the end of 2023/24 the deficit was £78.6m and this is forecast to increase by £37.1m by the end of 2024/25. This is an improvement on the Council's DSG Management Plan approved in April 2024, which sets out the planned expenditure and income on high needs over the medium term. The DSG Management Plan is currently being updated and will be reported to Committee on completion.

Table 8: Dedicated Schools Grant

Dedicated Schools Grant Deficit	£m
Deficit Balance Brought forward	**78.6**
Additional In-year Pressures	**37.1**
Deficit Balance at 31 March 2025	**115.7**

Debt

69 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 at 28th November 2024 was £16.9m. This has reduced by £1m since FR2 (end of September 2024).

70 Annually, the Council raises invoices with a total value of over £80m. Around a quarter of the Council's overall sundry debt portfolio relates to

charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.

71 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 services (currently provided by Bristow & Sutor).

72 The total amount of service debt over six months old is £10.8m; split as £9.3m of Adult Social Care debt and £1.5m of Sundry Debt. A provision of £6.8m was made at year ended 31st March 2024 to cover doubtful debt in the event that it needs to be written off. There is an ongoing in year review of the Bad Debt provision which has to date focused on Adult Social Care debt, this work has identified a forecast £1m reduction in the provision in 2024/25 linked to the ASC debt, reflected in the FR3 position.

73 The level of Adult Social Care debt can fluctuate depending on when in the month the snapshot is taken, for example if it is before or after the Direct Debit income is received and allocated. The debt also has different levels of risk depending on the type of debt. For example, around £3m is linked to deferred arrangements which is debt that is secured on property or assets, and therefore carries a low risk. There is also around £5m of debt which is deemed to be lower risk as its linked to areas such as probate, property sales or deputyship. As noted above, the current review of Debt provision for Adult Social Care has identified a £1.0m reduction in the ASC debt provision having reviewed the provision process across the 3 main categories of ASC all of which have distinct provision calculations. Further work is ongoing and will extend to wider Council debt throughout the review.

74 The Highways position for outstanding debt is consistent throughout the year. The debt is generally made up of three elements: the movement of funds from Cheshire West and Chester Council and Warrington Borough Council in relation to the Cheshire Road Safety Group (these are settled quickly); third party claims for damage to the highway; and permit fees. The third party claims are often paid in instalments.

The previous outturn positions are:

- 31 March 2024 Outstanding debt £1.6m, over 6 months old £0.7m.
- 31 March 2023 Outstanding debt £1m, over 6 months old £0.5m

75 The Council has robust processes in place to ensure that all outstanding debt is chased up (where commercially viable) and, where necessary, payment plans are put in place with advice from Legal Services.

Table 9 – Debt Summary as at 28th November 2024

	Outstanding Debt £000			Over 6 months old £000		
	FR2	FR3	Increase / (Decrease)	FR2	FR3	Increase / (Decrease)
Adults and Health Committee						
Adults, Public Health and Communities	14,967	14,170	(797)	9,060	9,325	265
Children and Families Committee		-	-		-	
Children's Social Care (Incl. Directorate)	189	189	(0)	-	1	1
Prevention and Early Help	69	51	(19)	(7)	(8)	(2)
Schools	17	17	1	2	3	1
Highways and Transport Committee		-	-		-	
Highways and Infrastructure	1,115	1,305	190	760	755	(4)
Economy and Growth Committee		-	-		-	
Growth and Enterprise	740	621	(119)	394	420	27
Environment and Communities Committee		-	-		-	
Environment and Neighbourhood Services	398	377	(21)	215	214	(1)
Corporate Policy Committee		-	-		-	
Finance and Customer Services	135	126	(8)	69	67	(2)
Governance and Compliance	(1)	0	1	-	-	-
Human Resources	-	-	-	-	-	-
ICT	217	3	(214)	2	2	0
Total	**17,846**	**16,859**	**(988)**	**10,496**	**10,780**	**284**

Council Tax and Business Rates

Council Tax

76 **Table** 10 details each precepting authorities share of the budgeted collectable rates income.

Table 10 Share of Council Tax Collectable Rates	Band D Charge	Collectable Rates £m
Cheshire East Council	**1,792.59**	**287.1**
Town and Parish Councils	71.57	11.5
Cheshire Police and Crime Commissioner	262.94	42.1
Cheshire Fire Authority	90.09	14.4
Total	**2,217.19**	**355.1**

77 The collectable rates valuation is based on the assumption that of the total amount billed, at least 99% will be collected. **Table 11** demonstrates that, excluding a slight reduction during the Covid-19 pandemic, the target to collect at least 99% of Council Tax within three years continues to be achieved.

Table 11 Council Tax Collection Rates	2020/21 %	2021/22 %	2022/23 %	2023/24 %	2024/25 %
After 1 year	97.4	97.8	98.2	98.0	*73.5
After 2 years	98.6	98.5	98.8	**	**
After 3 years	98.9	99.0	**	**	**

** 2024/25 rate is up to 30th November 2024.*
*** Data is not yet available.*

78 After accounting adjustments, the Council Tax Collection Fund is forecasting a £0.003m surplus for 2024/25, of which, £0.002m is attributable to Cheshire East Council. This surplus will be paid out in 2025/26 and will be held in the Collection Fund Earmarked Reserve until such time.

Non-Domestic Rates (NDR)

79 Collectable rates are distributed between Cheshire East Council (49%), Cheshire Fire Authority (1%), and Central Government (50%).

80 Non-domestic Rates valuations for 2024/25 were set out in the NNDR1 return to Central Government in January 2024. Any variance to this forecast is included in the following years' NNDR1 return and any gain or loss will be recovered in 2025/26. The total Net Rates Payable into the Collection Fund was forecast at £155.7m.

81 **Table 12** demonstrates that the target to collect at least 99% of Non-Domestic Rates within three years continues to be achieved.

Table 12 Non-Domestic Collection Rates	2020/21 %	2021/22 %	2022/23 %	2023/24 %	2024/25 %
After 1 year	92.4	95.6	98.2	97.7	*72.6
After 2 years	97.4	98.3	98.8	**	**
After 3 years	99.0	99.2	**	**	**

** 2024/25 rate is up to 30th November 2024.*
*** Data is not yet available.*

82 After accounting adjustments, the Non-Domestic Rates Collection Fund is forecasting a £2.1m deficit for 2024/25, of which, £1.0m is attributable to Cheshire East Council. This deficit will be repayable in 2025/26 and will be managed through the Collection Fund Earmarked Reserve.

Treasury Management Strategy update

83 Treasury Management income to 30 November 2024 is £2.3m which is higher than the budgeted £1.3m. However, borrowing costs are also higher than budgeted at £12.m compared to budget of £10.7m. This is

caused by a combination of increasing interest rates with an increased borrowing requirement. From the projected cash flows for the remainder of 2024/25 the net additional financing costs (borrowing less investment interest) is expected to be £0.8m in excess of that budgeted.

84 Interest rates have seen substantial rises over the last two years which has significantly increased the cost of borrowing. The expectation is that borrowing costs will start to fall although market uncertainty and tightening liquidity in the markets suggests we will not benefit from lower rates until 2025/26.

85 At the moment, cash shortfalls are generally being met by temporary borrowing from other local authorities which for a number of years has been considerably cheaper than other sources of borrowing and allowed the Council to keep financing costs low. The cost of these loans is currently relatively high compared with longer term loans but interest forecasts suggest it is still the cheaper option in the long term. However, liquidity risk remains an issue as funds become more scarce towards year end and the request to the Government for exceptional financial support has raised credit worthiness concerns with some lenders. To reduce liquidity risk, consideration is being given to taking more longer term PWLB loans.

86 The cost of short term borrowing for the first eight months of 2024/25 is 5.38% which is an increase from 4.82% in 2023/24. These costs are now expected to reduce as the outlook is for reducing interest rates.

Investment Strategy

87 There have not been any material changes to the Investment Strategy since that reported at Final Outturn 2023/24, see link Final Outturn 2023-24 Annex 1.pdf (cheshireeast.gov.uk)

Consultation and Engagement

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

Reasons for Recommendations

89 The overall process for managing the Council’s resources focuses on value for money, good governance and stewardship. The budget and policy framework sets out rules for managing the Council's financial affairs and contains the financial limits that apply in various parts of the Constitution. As part of sound financial management and to comply with the constitution any changes to the budgets agreed by Council in the MTFS require approval in line with the financial limits within the Finance Procedure Rules.

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

Other Options Considered

91 None. This report is important to ensure Members of the Committee are sighted on the financial pressure the Council is facing and the activity to date to try and mitigate this issue and are given an opportunity to scrutinise this activity and identify any further actions that could be taken to learn to live within our means Do nothing. Impact – Members are not updated on the financial position of the Council. Risks – Not abiding by the Constitution to provide regular reports.

Implications and Comments

Monitoring Officer/Legal

92 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget and require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

93 The provisions of section 25 of the Local Government Act 2003, require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

94 The Council should therefore have robust processes in place so that it can meet statutory requirements and fulfil its fiduciary duty. It must ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans. Local authorities are creatures of statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.

95 The financial position of the Council must therefore be closely monitored, and Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings or alternative mitigations.

96 This report provides an update on progress for 2024/25 for all services.

97 It also provides updates and comments regarding the Council's request for Exceptional Financial Support under The Levelling-up and Regeneration Act 2023 which inserted an amended Section 12A as a trigger event within the Local Government Act 2003, in relation to capital finance risk management. The legislation also provides for risk mitigation directions to be given to the Council which limit the ability to undertake certain financial action. The limitations are based on identified risk thresholds.

Section 151 Officer/Finance

98 The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.

99 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.

100 The unplanned use of financial reserves could require the Council to deliver a greater level of future savings to replenish reserve balances and / or revise the level of risks associated with the development of the Reserves Strategy in future.

101 As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.

102 Forecasts contained within this review provide important information in the process of developing the Medium-Term Financial Strategy. Analysis of variances during the year will identify whether such performance is likely to continue, and this enables more robust estimates to be established.

103 The risk associated with the scale of these challenges is that the Council could act illegally, triggering the requirement for a s.114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:

1. Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
2. Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.

104 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.

105 Further consequences would be highly likely and could include the appointment of Commissioners from the MHCLG, and potential restrictions on the decision-making powers of local leaders.

Policy

106 This report is a backward look at Council activities and predicts the year-end position. It supports the Corporate Plan aim Open and priority to be an open and enabling organisation.

107 The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2025 to 2029 Medium-Term Financial Strategy.

108 The approval of supplementary estimates and virements are governed by the Finance Procedure Rules section of the Constitution.

Equality, Diversity and Inclusion

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

Human Resources

110 This report is a backward look at Council activities at outturn and states the year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

Risk Management

111 Financial risks are assessed and reported on a regular basis, and remedial action taken if required. Risks associated with the achievement of the 2023/24 budget and the level of general reserves were factored into the 2024/25 financial scenario, budget, and reserves strategy.

Rural Communities

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

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

113 The report provides details of service provision across the borough and notes the pressure on Children in Care.

Public Health

114 This report is a backward look at Council activities at the first review and provides the forecast year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

Climate Change

115 There are no direct implications for climate change.

Access to Information	
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Appendices:	**Annex 1 including:** • **Section 1** 2024/25 Forecast Outturn • **Section 2** 2024/25 Approved Budget Change Items • **Section 3** Revenue Grants for approval • **Section 4** Capital • **Section 5** Reserves • **Section 6** Treasury Management **Annex 2 – 2024/25 Capital Monitoring**
Background Papers:	The following are links to key background documents: Medium-Term Financial Strategy 2024-2028 First Financial Review 2024/25

ANNEX 1

Third Financial Review 2024/25

Results to end of October 2024

Contents

Section 1: 2024/25 Forecast Outturn

1.1. Table 1 provides a service summary of financial performance based on information available as at the end of October 2024. The current forecast is that services will be £22.9m over budget in the current year.

1.2. It also shows that central budgets are forecast to be £4.6m under budget resulting in an overall outturn of £18.3m overspend against a net revenue budget of £390.5m, an improvement of £1.8m from FR2.

1.3. The forecast outturn position is based on a full financial management review across all service and reflects the following assumptions:

- Includes those savings that have been identified as non-achievable though the tracker on our High Level Business Cases (HLBC) with no/some alternative actions currently presented;
- A review of the on-going impacts of adverse variances identified in 2023/24;
- Any identified, emerging items of significance:
  - Within Adult Social Care, significant growth is forecast for care costs in line with position seen year to date, less mitigations linked to delivery of savings;
  - Includes the assumptions around additional revenue resources in Childrens Services to resource the draft improvement plan in relation to the recent OFSTED inspection;
- Forecast impact of the confirmed increased 2024/25 pay award £1.6m (unfunded);
- Detailed review of any vacancy underspends in all areas;
- One-off items that have been identified so far through line by line reviews and/or identification of additional funding that has been announced since the MTFS was set.
- Mitigation activities delivered or forecast to be delivered by 31 March as reflected in paragraph 28 of the main covering report.
- Review of Section 106 legacy budgets, the effects of which are partly reflected in the FR3 forecast out-turn as a one off contributions to reserves work undertaken to date has identified an improvement (reduction) of the Council's bad debt provision of £1.0m,

1.4. Further items impacting on the level of the Council's balances are detailed in **Section 5**.

2024/25 FR3	Revised Budget (NET) £m	Forecast Outturn £m	Forecast Variance FR3 £m	Forecast Variance FR2 £m	Movement from FR2 to FR23 £m
SERVICE DIRECTORATES					
Adult Social Care - Operations	145.9	167.4	21.5	21.9	(0.4)
Commissioning	(8.0)	(9.5)	(1.5)	(1.1)	(0.4)
Public Health	-	-	-	-	-
Adults and Health Committee	138.0	157.9	20.0	20.8	(0.8)
					-
Directorate	2.6	3.6	1.1	1.1	(0.0)
Children's Social Care	55.3	59.7	4.4	3.6	0.8
Eduction, Strong Start & Integration	35.2	35.1	(0.1)	0.7	(0.8)
Children and Families Committee	93.0	98.5	5.4	5.4	0.0
					-
Directorate	(0.3)	(0.5)	(0.2)	(0.0)	(0.1)
Growth & Enterprise	28.4	24.8	(3.6)	(3.2)	(0.4)
Economy and Growth Committee	28.1	24.3	(3.8)	(3.3)	(0.5)
					-
Environment & Neighbourhood Services	48.4	47.8	(0.6)	(0.1)	(0.5)
Environment and Communities Committee	48.4	47.8	(0.6)	(0.1)	(0.5)
					-
Highways & Infrastructure	16.0	15.5	(0.5)	(0.6)	0.1
Highways and Transport Committee	16.0	15.5	(0.5)	(0.6)	0.1
					-
Directorate	1.5	1.1	(0.3)	(0.2)	(0.2)
Finance & Customer Services	12.1	13.9	1.7	1.8	(0.0)
Transformation	-	3.7	3.7	2.8	0.9
Governance & Compliance Services	10.9	9.2	(1.6)	(1.3)	(0.4)
Communications	0.7	0.7	(0.0)	(0.0)	(0.0)
HR	2.4	2.0	(0.4)	(0.3)	(0.0)
ICT	12.4	11.8	(0.6)	(0.3)	(0.3)
Policy & Change	2.0	1.9	(0.0)	(0.1)	0.1
Corporate Policy Committee	41.9	44.4	2.5	2.4	0.1
					-
Corporate Unallocated					-
Corporate Unallocated	-	-	-	-	-
					-
TOTAL SERVICES NET EXPENDITURE	**365.4**	**388.3**	**22.9**	**24.5**	**(1.6)**
					-
CENTRAL BUDGETS					-
Capital Financing	31.7	32.1	0.5	0.3	0.1
Transfer to/(from) Earmarked Reserves	(18.0)	(21.5)	(3.6)	(3.5)	(0.1)
Parish Precepts & Other Operating Expenditure	11.4	9.9	(1.5)	(1.3)	(0.2)
Finance Sub-Committee - Central Budgets	25.1	20.5	(4.6)	(4.5)	(0.2)
					-
TOTAL NET EXPENDITURE	**390.5**	**408.8**	**18.3**	**20.1**	**(1.8)**
					0
Business Rates Retention Scheme	(64.6)	(64.6)	-	-	-
Specific Grants	(32.4)	(32.4)	-	-	-
Council Tax	(293.5)	(293.5)	-	-	-
Sourced from Collection Fund	-	-			-
Finance Sub-Committee - Net Funding	(390.5)	(390.5)	-	-	-
NET (SURPLUS) / DEFICIT	**(0.0)**	**18.3**	**18.3**	**20.1**	**(1.8)**

Section 2: 2024/25 Approved Budget Change Items

The following table provides up detailed commentary on the progress against the approved budget change items that were agreed as part of the budget agreed in February 2024. These are split by relevant committee.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	Adults and Health Committee	**+1.136**	**+21.092**	**+19.956**	
1	Fees and Charges	-1.800	-1.800	0	Green – see below
2	Client Contributions	-0.800	-4.383	-3.583	Green - £3.85m surplus vs client contribution budget forecasted for 2024/25. This is in addition to achieving the budgeted increase for Fees and Charges & Client Contribution increase in-year (£2.6m)
3	Working Age Adults - Prevent, Reduce, Delay	-1.467	-1.467	0	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.
4	Older People – Prevent, Reduce, Delay	-1.566	-1.566	0	Green - Multiple activities contributing to these savings. Validation of delivery and measures being developed by SROs and Finance.
5	Market Sustainability and Workforce grant	-1.100	-1.100	0	Completed
6	Revenue grants for Adult Social Care	-2.480	-2.480	0	Completed
7	Pension Costs Adjustment	-0.493	-0.493	0	Completed
8	Investment in Adult Social Care	+7.600	+31.521	+23.921	Red – MTFS growth for Care Costs not sufficient to cover the pressure seen in 2023/24 plus the expected growth in 2024/25. Mitigations to reduce pressure reported separately.
9	Pay Inflation	+1.892	+2.104	+0.212	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS.
10	Resettlement Revenue Grants – reversal of 2023/24 use	+0.850*	+0.850*	0	Completed
11	Adult Social Care Transformation Earmarked Reserve Release – reversal of 2023/24 use	+0.500*	+0.500*	0	Completed

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
12	Market Sustainability and Fair Cost of Care – Removal of Grant Income	-	-	-	Completed - Now a 2025/26 Item
13	Asset Management	TBC	TBC	-	Green - The business case for future usage of the site will be revisited and taken through the appropriate CEC governance procedures. The model of care in relation to high-cost adult social care and health provisions will be part of this work.
14	Investigate potential agency creation	TBC	TBC	-	Green - This proposal has been consistently delivered in relation to the usage of a Care Workers agency in all but name. Care4CE, the Council's in house care provider, has been utilising workers, both casual and agency, as a bank of workers for several years to successfully deliver operational requirements.
In year	Other variances to reconcile to 2024/25 FR3 forecast	0	+2.162	+2.162	
In year	Mitigations reducing the FR3 reported forecast position	0	-2.756	-2.756	

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

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	Children and Families Committee	**+9.909**	**+15.314**	**+5.405**	
15	Discretionary offer to children with disabilities	-0.900	-0.970	-0.070	Green - On Track, project team progressing multiple improvements to redesign the service offer, ensuring consistency and efficiency.
16	Remove school catering subsidy	-0.516	-0.139	+0.377	Red - In progress, rate uplift applied from September 2024 in order to cover the costs of the service through to the end of March 2025 when it ends. However, as some schools are making their own arrangements before the end of the financial year, this will impact on the savings target.
17	Review of structure to further integrate children and families services	-1.000	-0.200	+0.800	Red - Delivery Planning in progress to address saving. Including: further Establishment review, service redesign, cross directorate risk management.
18	Reduce discretionary Post-16 Travel Support	-0.400	-0.321	+0.079	Red - Agreed by Committee so progressing, too early to confirm take-up.
19	Achieve the Family Hub model	-0.250	-0.250	0	Green - Committee approved new model of delivery in Nov Committee. Savings are not going to be delivered in 2024/25 therefore alternative saving being found to cover this.
20a	Other Service Reviews – Review of commissioned services across the C&F directorate. Review of the current Domestic Abuse Service	-0.100	-0.100	0	Completed.
20b	Other Service Reviews – Maximise grant allocation to cover all costs	-0.100	0	+0.100	Red - Plan to explore current / future grants to ensure where T&Cs allow, contribution to fund base costs (e.g. staffing and on costs) is maximised.
20c	Other Service Reviews – Traded services	-0.050	+0.020	+0.070	Red - Part delivered but may need to look for alternative options to cover the remaining saving.
21a	Reduce Growth in expenditure – review of high cost, low outcome external residential placements	-1.000	-1.000	0	Red - Whilst work has been taking place to open CE Children's Homes and our first open is now open, with our second due in autumn/winter, our collaboration with Foster4 working well to increase our foster carers, we still are seeing more children coming into care. There is also increasing instability with the residential market, driving up prices. Complex young people need high packages of support, which are extremely

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					expensive. We are due to review all high cost placements and other placements to identify children for whom reunification to family would be appropriate. Processes are also in place by the Head of Provider Services to review costs being paid to providers.
21b	Reduce Growth in expenditure – increase commissioning approach to establish greater opportunities to provide accommodation for +16 young people	-0.400	-0.169	+0.231	Red - 16+ and 18+ Commissioning Plans / Market Shaping in Progress. Responding to increasing demand and complexity.
21c	Reduce Growth in expenditure – Foster Care	-0.250	-0.250	0	Amber - Developing a Delivery Plan to increase Foster Care provision.
21d	Reduce Growth in expenditure – reduced spend on expert assessment in court proceedings and services post public law proceedings	-0.250	-0.504	-0.254	Green - Task & Finish Group put in place to explore and develop processes and capacity to reduce costly legal proceedings.
22	Pension Costs Adjustment	-0.515	-0.361	+0.154	Red - Teacher's pension legacy costs are not reducing as anticipated. Completed - CEC pension reduction.
23	Growth to deliver statutory Youth Justice service, and growth to ensure budget is sufficient to meet Safeguarding Partnership duties	+0.170	+0.197	+0.027	Amber - It is incumbent upon the three statutory safeguarding partners, the police, health and the Local Authority, to ensure that adequate funding is allocated to the Children's Safeguarding Partnership so it can fulfil its statutory functions in delivering the multi-agency safeguarding arrangements. An internal audit identified the Local Authority had not reviewed its contributions to the partnership and was insufficiently contributing to the delivery of the partnership arrangements. As a result, growth was approved by committee. This has been supported by an increase in contributions from all partner agencies. A vacancy has also been held in the business unit.
24	Growth to provide capacity to deliver transformation for SEND	+0.500	+0.456	-0.043	Green.
25	Wraparound Childcare Programme (funded)	+0.587	+0.587	0	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
25	Wraparound Childcare Programme (funded)	-0.587	-0.587	0	Amber - Currently reviewing sufficiency and funding details to manage delivery within budget.
26	Legal Proceeding - Child Protection	+0.770	+0.770	0	Green.
27	Growth in School Transport budget	+0.936	+0.988	+0.052	Red.
28	Pay Inflation	+1.374	+1.915	+0.541	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS.
29	Use of Children & Families Transformation Reserve – reversal of 2023/24 use	+1.065*	+1.065*	0	Completed.
30	Growth in Childrens Placement costs	+10.825	+13.284	+2.459	Red - Will need to be closely monitored throughout the year to ensure that funding is sufficient to meet demand and complexity.
31	Revenue costs for the Crewe Youth Zone (as above) aligned to Supporting Families Funding	-	-	-	Green.
31	Early Help budget to support funding towards the Crewe Youth Zone	-	-	-	Green.
32	SEND Capital Modification	TBC	TBC	-	Amber - Contingent upon wider asset management and associated timelines. Extensive work underway to plan and progress development opportunities. Captured as part of the Capital Program reported to Committee.
33	Childrens Social Work Bank	TBC	TBC	-	Red - Various options currently being explored as part of wider C&F Establishment review and potential peripatetic resource options.
34	Safe Walking Routes to School	TBC	TBC	-	Green - Features as part of School Transport Programme.
35	Withdrawal of the CEC School Meals Service	TBC	TBC	-	Green - Features as part of School Catering subsidy project - CF2428-16.
In year	In-year emerging variance Education, Strong Start and Integration	0	-1.485	-1.485	Green. Underspend relates to vacancy management, reduced spend and income generation across services.
In year	In-year emerging variance Children and Families Directorate	0	+0.211	+0.211	Red. Overspend relates to external Quality Assurance Agency costs and cost of establishment.

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In year	In-Year emerging variance Children's Social Care	0	+2.156	+2.156	Red. Overspend mainly relates to staffing costs.

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

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets (some of the budget change items have been separated out since the publication of the MTFS)	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	Corporate Policy Committee	**+0.489**	**+2.954**	**+2.465**	
36	Reduce leadership and management costs	-0.540	-	+0.540	Red - The feedback from the DMA review is that senior management vacancies will require recruitment to in order to complete the complement of Corporate Managers. In year vacancy savings will continue but will be time limited. There is potential to increase costs by additional management support during transformation. This will result in increased budget pressure. This pressure is being mitigated through the four in-year items at the end of this table. Most of those will be permanent and used to deliver this saving.
37	Close the Emergency Assistance Scheme	-0.220	-0.220	0	Completed
38	Reduce election costs and increase charges where possible	-0.150	-0.150	0	Green - The proposal is to make a payment during 2024/25 of £70k-£80k from the existing election account, as part of this one-off saving. The remainder will be delivered by reducing the sum which would normally be paid into the election reserve. This might be mitigated in the year of the next local elections by monies which will be raised by charging town and parish councils for their elections in 2027. However, this will not be sufficient and will be likely to lead to the need for a supplementary estimate.
39a	Accelerate Digital Transformation (ICT Operational efficiencies)	-0.100	-0.100	0	Green – third party costs have been reduced and there are plans to reduce further during the year.
39b	Accelerate Digital (Digital efficiencies)	-0.150	-0.150	0	Green – Removal of temporary budget for Solutions Architect Resource, now covered by an Earmarked Reserve.
40	Enforce prompt debt recovery and increase charges for costs	-0.150	-0.150	0	Completed - The award of costs is a matter for the Magistrates at each court hearing. However, only by exception will they vary from the level already agreed by us with the Court Manager. The approach to the Court Manager has been made and the revised level agreed. The action is therefore complete, but the financial benefits will accrue as we continue

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					the regular recovery process during the year.
41a	Other efficiencies and reductions across Corporate Services – School Subsidy (ICT)	-0.032	-0.033	-0.001	Green
41b	Other efficiencies and reductions across Corporate Services – Organisational Development	-0.100	-0.100	0	Completed
41c	Other efficiencies and reductions across Corporate Services – Registration Services	-0.050	-0.050	0	Green
41d	Other efficiencies and reductions across Corporate Services – School Subsidy	-0.018	0	+0.018	Amber - Part of the £50k School Subsidy saving - Finance team to assist in identifying options. These are listed at the end of the table.
41e	Other efficiencies and reductions across Corporate Services	-0.010	0	+0.010	Amber - Finance team to assist in identifying options. These are listed at the end of the table.
41f	Other efficiencies and reductions across Corporate Services – Printing	-0.050	0	+0.050	Amber - Finance team to assist in identifying options. These are listed at the end of the table.
41g	Other efficiencies and reductions across Corporate Services – Hybrid working / mileage	-0.050	0	+0.050	Amber – Options being considered regarding reduced travel spend including ensuring efficient planning around meeting attendance and minimising unnecessary movements across the area. This maximises efficient use of time as well for teams.
42	Pension Costs Adjustment	-0.378	-0.378	0	Completed
43	Mitigation of reduction in the Dedicated Schools Grant	+0.136	+0.136	0	Completed
44	Pay Inflation	+1.446	+1.581	+0.135	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS.
45	Legal Services Capacity	+0.455	+0.455	0	Completed
46	ICT Review 1	+0.450	+0.450	0	Green - The move to Software as a Service has necessitated the transfer from Capital to Revenue budget requirements. The Shared Service continues to reduce third party costs and agency spend as per the Business case.

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47	Workforce Strategy Review	TBC	-	-	Amber - There are no savings attributed to this area in 2024/2025. Opportunities to explore workforce options are being considered alongside transformation work. Any savings are likely to be realised in 2025/26 at the earliest. It is recommended that this item is removed from the list.
In year	Recognising the increased level of Registration service income of £350k.	0	-0.350	-0.350	This will be a permanent change to deliver the Red ranked items above.
In year	Recognising the receipt of £45k of Police and Crime Commissioner grant income.	0	-0.045	-0.045	This will be a permanent change to deliver the Red / Amber ranked items above.
In year	Taking the underspend on phones in corporate services (mobiles and rental) compared to budget.	0	-0.060	-0.060	This will be a permanent change to deliver the Red / Amber ranked items above.
In year	Adjustment required to balance to FR3 position of +£2,465k for corporate incl ICT.	0	+2.218	+2.218	These will be a mix of permanent and temporary items to assist the in-year position. This includes Transformation costs.
In-year	Reduce Members Allowances budget for excess budget relating to a pay award that was not taken	0	-0.100	-0.100	

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	Economy and Growth Committee	**+3.316**	**-0.449**	**-3.765**	
49	Service Restructures within Place based Services	-0.787	-0.368	+0.419	Amber – achievement through permanent savings remains challenging without a full restructure – which is pending the LGA review. Mitigation is through offset of underspend 'in year' and proposals are to be considered to offset permanently.
50	Reduce opening hours for main offices	-0.050	-0.050	0	Completed
51	Office estate rationalisation	-0.550	-0.250	+0.300	Amber - due to the timeline for the transfer of buildings being extended. This item is being mitigated by in year savings and by the items at the end of the table which are a mix of permanent and temporary measures.
52	Tatton Park	-0.046	-0.046	0	Amber - Savings can be achieved through investment in the Tatton Vision Programme. To date this programme has achieved cumulative MTFS savings of £624k. Amber rating reflects the fact that the Tatton Vision capital programme is currently under review. Lack of investment to maintain infrastructure or develop visitor attractions is likely to reduce savings.
53	Transfer of Congleton Visitor Information Centre	-0.020	-0.020	0	Green - Transfer of Congleton VIC to the Town Council has already occurred.
54	Pension costs adjustment	-0.157	-0.157	0	Completed
55	Tatton Park ticketing and electronic point of sale (EPOS) upgrade	+0.005	+0.005	0	Green - A procurement process is currently underway to source a supplier who can ensure onsite and web-based delivery of a new system which aligns with present and future needs. Improved functionality should enable future savings delivery.
56c	West Park collection	+0.012	+0.012	0	Green - Cost for vital conservation and storage of West Park Museum collections and ongoing temporary storage requirements.
56d	CEC archives	+0.008	0	-0.008	Amber - Timescales for implementation of the Archives capital project have slipped due to grant funding decisions, with revised opening date of Spring 2026.
57	Property Information and Management System -	+0.030	+0.031	+0.001	Completed

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	Estates – Revenue Adjustment				
58	Housing	+0.035	+0.035	0	Green - Consultation on the Housing Restructure commences 22 May and includes the post that the funding is attributed to. The new structure will be implemented by 1 August 2024.
59	Environmental Hub Waste Transfer Station	+0.040	+0.040	0	Green - Project on track delivery Q1/2. The replacement of bay 1 in the Councils Environmental Hub Residual Waste Transfer Station building with a new design more likely to provide long-term resilience to wear and tear, to enable the continuation of waste processing at the transfer station.
60	Rural and Visitor Economy	+0.045	+0.045	0	Green - Additional revenue support is required to cover the increase in electricity charges for the Rural and Culture Economy Service to maintain existing service provision at Tatton Park and Countryside sites.
61	Minimum energy efficiency standards (MEES) - Estates - Revenue Adjustment	+0.079	+0.079	0	Amber – Prioritised negotiations with 3rd parties/tenants occupying premises being expedited to avoid delays on obtaining access for surveys, completing necessary improvement works and legally completing lease renewals.
62	Public Rights of Way Income Realignment	+0.115	+0.115	0	Completed. Adjustments made to budget forecasts 2024/25
63	Pay inflation	+0.788	+0.940	+0.152	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS. This item is being mitigated by the items at the end of the table which are a mix of permanent and temporary measures.
64	Crewe town centre maintenance and operation	+0.650	+0.630	-0.020	Green
65	Assets - Buildings and Operational	+3.119	+3.119	0	Green
66	Landfill Site Assessments revenue adjustment - Estates – CE Owned Landfill sites (53 sites) Review and Risk Assessment completions	-	-	-	Amber - £10k cost growth in for 25/26. Second stage of the review to commence shortly. Internal capacity within Environmental Services to be identified.
67	Tatton Park Estate Dwellings Refurbishment	-	-	-	Completed - Provision for response maintenance issues for 8 onsite dwellings to ensure properties meet standards required as part of tenancy

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					agreements and the National Trust lease.
68	Improving Crewe Rented Housing Standards	-	-	-	Green
In year	Growth & Enterprise 2024/25 mitigations to balance back to finance review position	0	-4.034	-4.034	
In year	Place Directorate 2024/25 mitigations to balance back to finance review position	0	-0.575	-0.575	

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	Environment and Communities Committee	**-0.052**	**-0.688**	**-0.636**	
69	Refresh wholly owned company overheads and contributions	-1.000	-1.500	-0.500	Green - ASDV Review recommendations have now been approved in full by Finance Sub-Committee in their role as shareholder of the wholly owned companies. The process of insourcing these services is now underway which will release an element of their reserves in year to meet this one-off contribution. The release of Company reserves has now been actioned
70	Strategic Leisure Review (Stage 2)	-1.305	-1.185	+0.120	Amber - Initial savings secured via committee decision on 11th March 2024. Proposals are being developed with EHL and town and parish councils to secure the residual £250k amount - dialogue is ongoing. Delays to disposing of Middlewich and Holmes Chapel Leisure Centres in year are having a negative impact on savings position.
71	Mitigate the impact of contract inflation and tonnage growth	-0.490	-0.490	0	Completed - Mitigate the impact of contract inflation and tonnage growth.
72	Emergency reduction of Household Waste Recycling Centres (HWRC) to four core sites	-0.263	-0.200	+0.063	Amber - Full saving on basis of original HLBC will not be achieved due to introduction of mobile provision offer as a result of Full Council decision and costs associated with trial of booking system. Following implementation of temporary closures final negotiations with supply chain are concluded in relation to savings in year, which include adjustment for waste diversion. The actual level of waste diversion will be monitored over the remaining trial period (through to end of August 2025) to inform the permanent position.
73	Libraries Strategy	-0.365	-0.291	+0.074	Green - Committee approval to implement final Strategy secured on 27th November, implementation now ongoing with revised opening hours at Tier 3 sites going live from January 2025 and Tier 2 sites as of 1st April 2025. Staff consultations due to be launched imminently relating to restructure of service. Engagement with Town and Parish Councils undertaken to shape the Strategy proposals and seek funding contributions, which has resulted in a total of 8 sites being supported to a total

MTFS Ref No	Detailed List of Approved Budget Changes – Service Budgets	2024/25 MTFS £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					of c.£166k enabling over 2,150 hours of library opening time per annum. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures, principally vacancy management
74	Reduce costs of street cleansing operations	-0.200	-0.200	0	Green - Value of saving now reduced from ANSA Management Fee for 2024/25, proposals to achieve which include immediate reductions in service resilience, due to removal of any vacancies and under utilised fleet.
75	Reduce revenue impact of carbon reduction capital schemes	-0.336	0	+0.336	Amber – Carbon Neutral Council target deferred from 2025 to 27, as agreed at Full Council on 27.02.24, large scale prudential borrowing funded schemes spend now reprofiled to suit, however budget not sat within E&C Committee. Discussion with Corporate Financing team to re-allocate. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures.
76	Increase Garden Waste charges to recover costs	-0.045	-0.045	0	Green – Increase Garden Waste charges for the calendar year 2025 to recover costs
77	MTFS 80 (Feb 23) – Waste Disposal – Contract Inflation and Tonnage Growth (updated forecast)	+3.577	+3.977	+0.400	Green – rating due to fluctuations in waste markets relating to recyclates and continued levels of inflation, outside CEC control and not aligned to projections. Mitigation is to continue with monthly financial monitoring and detailed update of forecasting to year end, based on market intelligence from suppliers and historical seasonal trends data.
78	Pay Inflation – CEC & ASDV	+1.861	+2.397	+0.536	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS. This item is being partly mitigated by the item at the end of the table which is a mix of permanent and temporary measures.
79	Pension Costs Adjustment	-0.151	-0.151	0	Completed
80	MTFS 90 (Feb 23) Strategic Leisure Review	+1.250	+1.250	0	Completed - Growth item budget adjustment only - replacing 2023/24 £1.3m savings target.

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81	MTFS 91 (Feb 23) – Green Spaces Maintenance Review	-0.200	-0.200	0	Green - Year 2 saving - Policy now implemented and full saving secured from ANSA contract.
82	MTFS 92 (Feb 23) - Review Waste Collection Service - Green Waste	-3.150	-3.150	0	Green - Subscription levels in line with original business model.
83	Review MTFS 92 (Feb 23) Garden waste subscription financial model in line with latest subscription levels and with actual observed position on any waste migration	-0.429	-0.429	0	Green - Continued monitoring of subscription levels and any adverse impacts is already in place, update to original business plan assumptions.
84	MTFS 93 (Feb 23) Libraries - Service Review	-0.200	-0.200	0	Amber - Year 2 of Service Review - reduction in staffing levels have been implemented and now include vacancy management in year to ensure achievement of saving. Currently covered temporarily by vacancy savings
85	Explore a Trust delivery model for Libraries and other services	+0.150	+0.020	-0.130	Green - Growth item to cover one off costs relating to implementation of alternative delivery model(s) for libraries service. Aligned to development of Libraries Strategy.
86	CCTV – Service Efficiencies	-0.030	-0.030	0	Green – Ongoing actions to increase customer base for existing services, identification of new chargeable services/customers and service efficiency savings as well as increased fees and charges to meet the target.
87	Congleton Town Council Collaboration Agreement – Grounds Maintenance	-0.062	-0.062	0	Completed - Congleton Town Council Collaboration Agreement on Grounds Maintenance Cheshire East Contribution reduced in line with reductions in Cheshire East Maintained green space.
88	Closed Cemeteries	+0.005	+0.005	0	Completed - Inflationary adjustment to previous budget allocation only.
89	Environmental Hub maintenance	+0.023	+0.023	0	Completed - Inflationary adjustment to previous budget allocation only.
90	Review Closed Landfill Sites	+0.300*	+0.300*	0	Completed - The Council has responsibility for a number of closed landfill sites across the borough for which it holds a provision.
91	Land Charge Income Adjustment	+0.050	+0.064	+0.014	Amber - Uncertainty around implementation timescales of HMLR changes to centralise some aspects of land charges functions hence understanding of actual impact, to be regularly monitored.
92	Building Control Income Alignment	+0.203	+0.403	+0.200	Amber - Due to current national trend of downturn in planning and related building control income. To be

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					monitored through more regular financial forecasting in service. Reforms to national planning policy recently consulted upon may have a positive impact on this position moving forward due to uplift in both volume and pace of developments coming forward. To be considered in due course following Govt announcement.
93	Local Plan Review	+0.255	+0.255	0	Amber - Reprofiled budget adjustment to provide additional funding towards development of new Local Plan which has now commenced
94	Planning income	+0.400	+0.910	+0.510	Amber – Forecast reduced income in year due to current national trend of downturn in planning applications and hence income. Proactively monitored through regular financial forecasting in service. Partially mitigated by continued high level of vacancies and the item at the end of the table. Recent national planning policy forms announced by Govt which were recently subject to a consultation process may help to alleviate the income position, but will require vacancies to be filled to cater for the likely increase in applications. To be considered as and when further announcement made.
95	Planning Service Restructure	-	-	-	Green - No action for 2024/25. Growth for 2025/26 to be kept under review.
96	Review of Household Waste Recycling Centres	+0.100	+0.100	0	Green - all activities are on track for completion on time following decision at Environment and Communities Committee on 26 September 2024 to proceed with preferred option and finalisation of new operating contract procurement process.
In year	Environment & Neighbourhood Services mitigations 2024/25 to balance back to finance review position	0	-2.259	-2.259	

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

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	Highways and Transport Committee	**+4.869**	**+4.335**	**-0.534**	
97	Highway maintenance savings	-0.750	-0.750	0	Green - Savings are being achieved through: - reducing the number of cuts on grass verges from 10 to 8; - directly employing staff to carry out surveys, rather than sub-contracting; - reductions in staffing and vacancy management; and - reliance on the Council's adverse weather reserve for snow clearance. Service budgets have been reduced to reflect the savings being made.
98	Introduce annual increases to car parking charges	-0.150	-0.150	0	Green - Annual inflation adjustment to existing P&D tariffs can be implemented by 1st July 2024, in advance of bringing charges into effect in the "free towns". This is 3 months earlier than planned.
99	Pension Costs Adjustment	-0.052	-0.052	0	Completed
100	Highways	-0.031	-0.031	0	Completed - This saving was delivered by changes to response times to defects in 2023/24.
101	Safe Haven outside schools (Parking)	-0.023	-0.023	0	Red - Introduction of CCTV camera enforcement of waiting/loading restrictions at school gates on a trial basis using bespoke equipment that is type approved and proven for these purposes in order to improve road safety and increase enforcement capacity at these high risk locations.
102	Transport and Infrastructure Strategy Team - Restructure	+0.120	+0.030	-0.090	Amber - Vacancies in existing structure provide some flexibilities of resourcing and recruitment planning, with the opportunity to reduce costs of outsourcing / agency staffing. The proposed changes will develop a more resilient in-house team to meet the needs of the Council, as it moves towards a new statutory Local Transport Plan and the development of transport functions in a new Cheshire and Warrington Combined Authority.
103	Pay Inflation	+0.339	+0.351	+0.012	Red - NJC Pay Claim now approved - over spend against budget as a result of £1,290/2.5% increase. Increase compared to flat percentage budget increase of 3% within original MTFS. This item is being mitigated by the item at the end of the table which is a mix of permanent and temporary measures.
104	Parking - PDA / Back Office System contract	+0.100	+0.100	0	Green - Market testing completed - exploring a direct award opportunity with

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					implementation testing and data migration.
105	Flood and Water Management Act 2010 SuDS & SABs Schedule 3 Implementation	+0.100	+0.100	0	Green - The requirement is to be ready to implement changes when regulations are implemented nationally. A training plan for existing staff has been identified. Recruitment is to be progressed.
106	Energy saving measures from streetlights	+0.242	+0.242	0	Completed - This entry was in the MTFS to cancel an unachievable saving from 2022/23. There is no further action.
107	Parking	+0.245	+0.245	0	Amber - Following decisions in January 2024, tariffs were uplifted on 1 July 2024 and extend pay and display to car parks in "free towns" from the start of December. Statutory consultations on Sunday and Evening charges have been completed to inform implementation by the end of the year. A trial of demand-responsive tariffs began with the opening of the new multistorey car park in Crewe.
108	Highways Revenue Services	+2.479	+2.479	0	Completed - This is a growth item. The growth has been factored into 2024/25 service levels and business plans. No further action.
109	Local Bus	+2.250	+2.250	0	Green
110	FlexiLink Service Improvement Plan	-	-	-	Green - A bus service review is underway, including proposals relating to flexible transport. Committee received a report updating on the outcomes of the consultation and the approach to procurement on 19 September 2024. The review of flexible transport will consider its role in filling gaps in local bus service provision, especially in rural areas, as well as options to extend hours of operation, open up the service to more users and introduce fares to make a contribution to operating costs.
111	Highways Depot Improvements	-	-	-	Red - This later year saving is subject to the approval of the business case for capital investment in depots. This will be reviewed during 2024/25.
112	Bus Stop Advertising Revenue Generation	-	-	-	Amber - Opportunity to shadow CWAC council's extension of the existing contract in the interim period.
In year	Highways & Infrastructure 2024/25 mitigations to balance to finance review	0	-0.456	-0.456	

MTFS Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
	Finance Sub-Committee	**-19.667**	**-24.151**	**-4.626**	
113	Capital Financing - Minimum Revenue Provision	+9.508	+9.974	+0.466	Amber – assumes use of reserve of £2.135m (subject to approval). Ongoing capital review seeking to significantly reduce spend funded by borrowing.
114	Central Bad Debt Provision adjustment	+0.600	+0.600	0	Completed - budget adjustment.
115	Use of Earmarked Reserves – MTFS Reserve	+0.255	+0.255	0	Completed - budget adjustment / planned use of reserve.
115	MTFS Reserve – reversal of 2023/24 use	+1.536	+1.536	0	Completed - budget adjustment / planned use of reserve.
116	Collection Fund Reserve - Use of Earmarked Reserves	-0.834	-0.834	0	Completed - budget adjustment / planned use of reserve.
116	Collection Fund Reserve – reversal of 2023/24 use of reserves	+2.234	+2.234	0	Completed - budget adjustment / planned use of reserve.
117	Brighter Futures Transformation – reversal of 2023/24 use of reserves	+1.271	+1.271	0	Completed - budget adjustment / planned use of reserve.
118	Use of General Reserves – Fund in-year budget shortfall [NEW]	-11.654	-11.654	0	Completed - Drawn down in line with the MTFS forecast.
Amber 119	Council Tax - % increase	-13.527	-13.527	0	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target.
120	Council Tax – Base increase	-2.461	-2.461	0	Green - Council tax and business rates income collection managed through the Collection Fund therefore no impact on current year funding target.
121	Business Rates Retention Scheme – use of S31 compensation grants	-1.350	-1.350	0	Green - Grants to be received in line with final settlement from MHCLG.
122	Unring-fenced Grants + Revenue Support Grant	-5.245	-5.245	0	Green - Grants to be received in line with final settlement from MHCLG.
123	Council Tax and Business Rates Collection [NEW]	TBC	-	-	Initial case was to implement a working group to review council tax collection. No savings value was assigned to the case. The intention now is to bring forward via an informal briefing to

MTFS Ref No	Detailed List of Approved Budget Changes – Central Budgets	2024/25 £m	2024/25 Forecast Outturn £m	2024/25 Forecast Outturn Variance £m	Progress 2024/25 (RAG rating and commentary)
					include options around the council tax support scheme review (FS2428)
124	Council Tax Support [NEW]	TBC	-	-	No change to Council Tax support scheme for 2024/25 or 2025/26. To be reviewed for 2026/27.
In year	Bad Debt Provision reduction (one off)	-	-1.071	-1.071	
In year	S106 (Estimate provisional – one off – may increase, still under review)	-	-0.452	-0.452	
In year	Increased use of reserves re Transformation spend included in Service forecasts	-	-4.066	-4.066	
In year	Adjustment to use of Earmarked reserves budgeted figure within Service Budgets	-	+0.497	+0.497	

Section 3: Revenue Grants for approval

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

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

3.3. **Table 1** shows additional specific purpose grant allocations that have been received over £1m that **Council** will be asked to approve.

Table 1 – Council Decision

3.4. Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose) over £1,000,000

Committee	Type of Grant	£000	Details
Children and Families – Schools	Dedicated Schools Grant (Specific Purpose)	1,089	This grant is an increase to the DSG funding, in line with updated allocations information.
Economy & Growth	Enterprise Cheshire Warrington Skills Bootcamp	1,717	This grant is from the DfE, it is for the delivery of and management of Skills Bootcamps in geographical and neighbouring areas in agreement with relevant local authorities. This element of skills bootcamp is being delivered through Enterprise Cheshire and Warrington.

Section 4: Capital

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

Parameter	Value (£m)			
	2023/24	2024/25	2025/26	2026/27
Repayment of Borrowing				
Minimum Revenue Provision*	17.5	18.8	23.2	24.9
External Loan Interest	14.3	18.5	16.5	15.0
Investment Income	(3.8)	(3.9)	(2.2)	(1.8)
Contributions from Services Revenue Budgets	(1.2)	(1.3)	(1.8)	(2.4)
Total Capital Financing Costs	**26.8**	**32.1**	**35.7**	**35.7**
Use of Financing EMR	**(7.9)**	**(2.1)**	**0**	**0**
Actual CFB in MTFS	**19.0**	**28.5**	**35.2**	**35.5**
Budget Deficit	**(0)**	**1.5**	**0.5**	**0.2**
Capital Receipts targets*	**1.0**	**1.0**	**1.0**	**1.0**
Flexible use of Capital Receipts	**1.0**	**1.0**	**1.0**	**1.0**

*Anticipated MRP based on achieving capital receipts targets

4.1. 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 2**. For detailed tables by Committee please see **Annexe 2.**

4.2. **Table 3** lists details of Delegated decisions up to £500,000 for noting.

4.3. **Table 4** lists Capital Supplementary Estimates over £500,000 and up to £1,000,000 for committee approval and Capital Virements over £500,000 and up to and including £5,000,000 that require Relevant Member(s) of CLT and Chief Finance Officer in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee to approve.

Table 2: Capital Programme Update

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY					
CAPITAL PROGRAMME 2024/25 - 2027/28					
	Forecast 2024/25 £000	**Forecast 2025/26 £000**	**Forecast 2026/27 £000**	**Forecast 2027/28 £000**	**Total Forecast 2024-28 £000**
Committed Schemes - In Progress					
Adults and Health	800				**800**
Children and Families	29,476	26,919	16,355	17,749	**90,499**
Highways & Transport	46,744	38,134	27,448	124,578	**236,904**
Economy & Growth	40,772	33,237	28,610	78,539	**181,158**
Environment & Communities	9,727	14,250	7,252	3,101	**34,330**
Corporate Policy	9,700	8,889	3,173	1,834	**23,596**
Total Committed Schemes - In Progress	**137,219**	**121,429**	**82,838**	**225,801**	**567,287**
CAPITAL PROGRAMME 2024/25 - 2027/28					
	Forecast 2024/25 £000	**Forecast 2025/26 £000**	**Forecast 2026/27 £000**	**Forecast 2027/28 £000**	**Total Forecast 2024-28 £000**
New Schemes					
Children and Families	1,132	8,199	5,248	3,000	**17,579**
Highways & Transport	895	21,842	15,051	15,051	**52,839**
Economy & Growth	3,309	1,530	113	0	**4,952**
Environment & Communities	2,115	4,134	1,150	0	**7,399**
Total New Schemes	**7,451**	**35,705**	**21,562**	**18,051**	**82,769**
Total	**144,670**	**157,134**	**104,400**	**243,852**	**650,056**
Funding Requirement					
Indicative Funding Analysis: (See note 1)					
Government Grants	88,816	90,029	71,278	114,808	**364,931**
External Contributions	14,288	14,566	12,705	66,418	**107,977**
Revenue Contributions	444	0	0	0	**444**
Capital Receipts	155	732	1,324	33,381	**35,592**
Prudential Borrowing (See note 2)	40,967	51,807	19,093	29,245	**141,112**
Total	**144,670**	**157,134**	**104,400**	**243,852**	**650,056**

Note 1:
The funding requirement identified in the above table does not currently represent a balanced and affordable position, in the medium term. The Council will need to transform the capital programme to reduce the number of schemes requiring Cheshire East Resources and the need to borrow. The level of capital receipts are based on a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:
The schemes marked **and highlighted in the MTFS cannot proceed until the Capital Programme Review has been completed. Any urgent reuests to continue prior to the reviews completion will require approval from the Chair of Finance Sub Committee and the S.151 Officer

Note 3:
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 3: Delegated Decisions – Supplementary Capital estimates and Budget virements up to £500,000

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Supplementary Capital Estimates that have been made up to £500,000		
Environment & Communities		
Neighbourhood		
Bollington Leisure Swimming Pool	50,737	Funds from Sport England for Bollington Leisure for works to swimming pool
Total Supplementary Capital Estimates Requested	**50,737**	
	£	
Capital Budget Virements that have been made up to £500,000		
Children & Families		
Education and 14-19 Skills		
Cledford House	89,125	Transfer of budget from CAP-10464 Cledford House to New SEN Places - Springfield Wilmslow
Total Capital Budget Virements Approved	**89,125**	
Total Supplementary Capital Estimates and Virements	**139,862**	

Table 4: Requests for Capital Virements

Committee / Capital Scheme	Amount Requested £	Reason and Funding Source
Service committee are asked to note Capital Budget Virements above £500,000 up to and including £5,000,000 for approval by Relevant Member(s) of CLT and Chief Finance Officer in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee		
Children & Families		
Crewe Youth Zone	1,353,000	Realignment approved by Ministry of Housing, Communities and Local Government of the Crewe Towns Fund allocations from Flag Lane Baths. Resulting in a funding swap removing £1.353m of Prudential Borrowing which has been moved to Flag Lane Baths.
Environment & Communities		
Environment Services		
Crewe Towns Fund - Cumberland Arena	701,000	Realignment approved by Ministry of Housing, Communities and Local Government of the Crewe Towns Fund allocations from Flag Lane Baths .
Crewe Towns Fund - Pocket Parks	200,000	
Economy and Growth		
Crewe Towns Fund - Mill Street Corridor	407,583	Realignment approved by Ministry of Housing, Communities and Local Government of the Crewe Towns Fund allocations from Flag Lane Baths .
History Centre Public Realm & ICV (Crewe Towns Fund) CTC1	200,000	
Crewe Towns Fund – Mirion Street	458,000	
Total Capital Virements requested	**3,319,583**	
Total Virements	**3,319,583**	

Prudential Indicators revisions to: 2023/24 and 2024/25 – 2026/27 and future years

Background

4.4. 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

4.5. In 2024/25, the Council estimates to spend £144.7m on capital expenditure as summarised below.

Capital Expenditure	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	Future years £m
Total	136.9	144.7	157.1	104.4	243.8

Source: Cheshire East Finance

Capital Financing

4.6. 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	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	Future years £m
Capital receipts	0.1	0.1	0.7	1.3	33.4
Government Grants	61.2	88.8	90.0	71.3	114.8
External Contributions	8.8	14.3	14.6	12.7	66.4
Revenue Contributions	0.4	0.5	0.0	0.0	0.0
Total Financing	**70.5**	**103.7**	**105.3**	**85.3**	**214.6**
Prudential Borrowing	65.5	41.0	51.8	19.1	29.2
Total Funding	**65.5**	**41.0**	**51.8**	**19.1**	**29.2**
Total Financing and Funding	**136.0**	**144.7**	**157.1**	**104.4**	**243.8**

Source: Cheshire East Finance

Replacement of debt finance

4.7. 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	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Total	**17.5**	**18.8**	**22.9**	**24.9**	**25.0**

Source: Cheshire East Finance

Estimates of Capital Financing Requirement

4.8. 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 will decrease by £2m during 2024/25. This assumes that were there has been significant forward funding of certain schemes that grants and other contributions are received in year to repay that forward funding. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Total	**488**	**481**	**508**	**502**	**501**

Source: Cheshire East Finance

Asset disposals

4.9. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council received £3.5m of capital receipts from asset sales in 2023/24 and plans to receive a further £25.9m in future years.

Capital Receipts	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Asset Sales	3.4	2.3	6.8	8.2	7.8
Loans Repaid	0.1	0.2	0.2	0.2	0.2
Total	**3.5**	**2.5**	**7.0**	**8.4**	**8.0**

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

4.10. 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 4.95%) and long term fixed rate loans where the future cost is known but fixed over a period when rates are expected to fall (currently 4.99%%– 5.3%).

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

4.12. 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

4.13. 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 £331m and is forecast to rise to £366m over the next four years.

Borrowing and the Liability Benchmark	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Outstanding Debt	337	374	438	462	486
Liability Benchmark	331	332	365	369	366

Source: Cheshire East Finance

4.14. The table shows that the Council expects to borrow above its liability benchmark.

Affordable borrowing limit

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

	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m	2026/27 Estimate £m	2027/28 Estimate £m
Authorised Limit for Borrowing	540	570	590	590	590
Authorised Limit for Other Long-Term Liabilities	18	17	17	15	14
Authorised Limit for External Debt	**558**	**587**	**607**	**605**	**604**
Operational Boundary for Borrowing	530	560	580	580	580
Operational Boundary for Other Long-Term Liabilities	18	17	17	15	14
Operational Boundary for External Debt	**548**	**577**	**597**	**595**	**594**

Source: Cheshire East Finance

Investment Strategy

4.16. 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.

4.17. 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	31/03/24 Actual £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m	31/03/28 Estimate £m
Short term	22	20	20	20	20
Long term	20	20	20	20	20
Total Investments	**42**	**40**	**40**	**40**	**40**

Source: Cheshire East Finance

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

Ratio of Financing Costs to Net Revenue Stream	31/03/24 Actual	31/03/25 Estimate	31/03/26 Estimate	31/03/27 Estimate	31/03/28 Estimate
Financing Costs (£m)	19.0	32.1	35.9	37.3	37.8
Proportion of net revenue stream %	**5.38**	**8.11**	**8.92**	**9.04**	**8.90**

Source: Cheshire East Finance

Section 5: Reserves

Management of Council Reserves

5.1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.

5.2. The opening balance at 1 April 2024 in the Council's General Fund Reserves was £5.6m, as published in the Council's Statement of Accounts for 2023/24.

5.3. At FR1, the closing balance at 31 March 2025 in the Council's General Fund Reserve was forecast to be £4.5m. However, a further £4.0m transformational spend has been included within the service forecasts, reducing the General Reserve balance to £0.5m.

5.4. The current balance on reserves is insufficient in order to provide adequate protection against established and newly emerging risks, such as inflation and particularly the DSG deficit, which is projected to rise to £115.7m by year end and has been highlighted in the MTFS as having no alternative funding.

5.5. The Council also maintains Earmarked Revenue Reserves for specific purposes. The opening balance at 1 April 2024 was £32.3m.

5.6. During 2024/25, a net total of £10.6m will be drawn down to the support the in-year deficit position. A further £12.2m is being forecast to fund expenditure specifically provided for by services. These balances fall within the forecasts approved during the MTFS budget setting process.

5.7. Additional drawdown requests, above those forecast during MTFS, have been made by various services to support specific expenditure totalling £5.8m. These drawdowns, as detailed in the tables below, will be subject to a strategic review by the Corporate Leadership Team of existing in-principle decisions on use of earmarked reserves for year end 31 March 2025 – recommendations will be made in the MTFS report to the Corporate Policy Committee in February.

5.8. The indicative closing balance on Earmarked Reserves at 31 March 2025, is forecast at £9.5m.

5.9. Total reserves available for Council use at 31 March 2025 are forecast at £9.98m.

5.10. 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 for Council use. These balances are therefore excluded from all reserve forecasts.

Table 1 – Reserves Balances

Adults and Health Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
Adults Social Care Commissioning						
PFI Equalisation - Extra Care Housing	**2,857**	(2,795)	0	0	**62**	Surplus grant set aside to meet future payments on existing PFI contract and the anticipated gap at the end of the agreement.
Public Health						
Public Health Reserve	**2,369**	0	(110)	0	**2,259**	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.
ADULTS AND HEALTH RESERVE TOTAL	**5,226**	**(2,795)**	**(110)**	**0**	**2,321**	

* All 'Additional Drawdown Requests' are subject to approval.

Children and Families Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
Childrens Social Care						
Domestic Abuse Partnership	**131**	0	0	(131)	**0**	To sustain preventative services to vulnerable people as a result of partnership funding in previous years.
Strong Start, Family Help and Integration						
Troubled Families Initiative	**1,593**	0	(1,593)	0	**0**	Crewe Youth Zone and ACT have been assigned funding from shared outcomes of the Supporting Families Programme.
CHILDREN AND FAMILIES RESERVE TOTAL	**1,724**	**0**	**(1,593)**	**(131)**	**0**	

* All 'Additional Drawdown Requests' are subject to approval.

Corporate Policy Committee and Central Reserves

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
Corporate Directorate						
Corporate Directorate Reserve	**1,164**	(935)	0	0	**229**	To support a number of widespread projects within the Corporate Directorate.
Finance and Customer Service						
Collection Fund Management	**8,154**	(1,235)	(2,915)	0	**4,004**	To manage cash flow implications as part of the Business Rates Retention Scheme.
Capital Financing Reserve	**4,531**	0	0	(4,531)	**0**	To provide for financing of capital schemes, other projects and initiatives
MTFS Reserve	**2,914**	(741)	255	0	**2,428**	To support the financial strategy and risk management. £1.2m of the remaining reserve balance had previously been earmarked for future voluntary redundancy costs.
Brighter Futures Transformation Programme	**490**	(470)	(20)	0	**0**	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.
Section 31 Revenue Grants	**14**	0	0	(14)	**0**	Unspent specific use grant carried forward into 2024/25.
Governance and Compliance						
Insurance Reserve	**3,098**	(3,098)	0	0	**0**	To settle insurance claims and manage excess costs. The full reserve has been released to the general fund to support the in-year deficit pressure.
Elections General	**132**	0	0	0	**132**	To provide funds for Election costs every 4 years.

Brexit Funding	**13**	(13)	0	0	**0**	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.

Corporate Policy Committee and Central Reserves Continued

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
Human Resources						
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	**59**	(59)	0	0	**0**	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.
Pay Structure (M Grade Review)	**54**	0	0	0	**54**	Created to help fund ongoing changes to pay structure.
ICT						
Digital Solutions Architect	**150**	0	(150)	0	**0**	New reserve created in 23/24 to fund a role for the Digital Customer Enablement programme and will be key to realising the cost savings and efficiencies across the Council from the deployment of a number of digital initiatives.
CORPORATE POLICY AND CENTRAL RESERVE TOTAL	**20,773**	**(6,551)**	**(2,830)**	**(4,545)**	**6,847**	

* All ‘Additional Drawdown Requests’ are subject to approval.

Economy and Growth Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
Directorate						
Place Directorate Reserve	**1,164**	0	(473)	(385)	**306**	To support a number of widespread projects within the Place Directorate.
Investment (Sustainability)	**610**	0	(427)	(143)	**40**	To support investment that can increase longer term financial independence and stability of the Council.
Growth and Enterprise						
Legal Proceedings	**212**	0	(104)	(108)	**0**	To enable legal proceedings on land and property matters.
Investment Portfolio	**534**	(534)	0	0	**0**	The full reserve has been released to the general fund to support the in-year deficit pressure.
Homelessness & Housing Options - Revenue Grants	**129**	0	0	(129)	**0**	Grant committed for the purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families.
Tatton Park Trading Reserve	**128**	(128)	0	0	**0**	The full reserve has been released to the general fund to support the in-year deficit pressure.
ECONOMY AND GROWTH RESERVE TOTAL	**2,777**	**(662)**	**(1,004)**	**(765)**	**346**	

* All ‘Additional Drawdown Requests’ are subject to approval.

Environment and Communities Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
Environment and Neighbourhood Services						
Strategic Planning	**568**	(281)	(287)	0	**0**	To meet costs associated with the Local Plan - site allocations, minerals and waste DPD.
Trees / Structures Risk Management	**139**	(55)	(55)	(29)	**0**	To help respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
Air Quality	**36**	0	(17)	(19)	**0**	Air Quality Management - DEFRA Action Plan. Relocating electric vehicle charge point in Congleton.
Licensing Enforcement	**8**	0	0	(8)	**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)	0	**0**	Relating to Public Information Works.
Neighbourhood Planning	**82**	(41)	(41)	0	**0**	To match income and expenditure.
Spatial Planning - revenue grant	**13**	(13)	0	0	**0**	Residual reserve balance has been released to the general fund to support the in-year deficit pressure.
Street Cleansing	**22**	0	0	(22)	**0**	Committed expenditure on voluntary litter picking equipment and electric blowers.
ENVIRONMENT AND NEIGHBOURHOOD RESERVE TOTAL	**870**	**(390)**	**(402)**	**(78)**	**0**	

* All ‘Additional Drawdown Requests’ are subject to approval.

Highways and Transport Committee

Reserve Account	Opening Balance 01 April 2024 £000	Drawdowns to General Fund £000	Approved Movement Forecast £000	Additional Drawdown Requests* £000	Closing Balance Forecast 31 March 2025 £000	Notes
Highways and Infrastructure						
Rail and Transport Integration	**385**	(185)	(200)	0	**0**	To support the Council's committed costs to the rail and transport networks across the borough.
Flood Recovery Works	**400**	0	(200)	(200)	**0**	To help the service manage risks such as the impact of adverse weather, specifically flooding or extensive periods where winter maintenance is required.
Highways Procurement Project	**104**	(20)	(15)	(69)	**0**	To finance the development of the next Highway Service Contract. Depot mobilisation costs, split over 7 years from start of contract in 2018.
LEP-Local Transport Body	**19**	0	0	(19)	**0**	Contribution to LEP transport studies/consultancy. Ongoing working around Transport Legacy issues.
ECONOMY AND GROWTH RESERVE TOTAL	**908**	**(205)**	**(415)**	**(288)**	**0**	

* All 'Additional Drawdown Requests' are subject to approval.

Section 6: Treasury Management

Management of Council Reserves

6.1 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.

6.2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

6.3. Investments held for service purposes or for commercial profit are considered in the Investment Report (see **Section 9**).

1. External Context

6.4. **Economic background:** UK headline consumer price inflation (CPI) remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally as was expected, due to base effects from energy prices. Energy prices continue to be the main upward component of inflation.

6.5. The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.

6.6. Labour market data was slightly better from a policymaker perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to September showed the unemployment rate increased slightly to 4.3% from 4.2% in the previous three-month period while the employment rate rose to 74.8% from 74.5%.

6.7. With headline inflation on target, the BoE cut Bank Rate from 5.00% to 4.75% at the November Monetary Policy Committee (MPC) meeting. The decision was a 8-1 majority with one member preferring to hold at 5.00% citing some upward pressures on inflation. Indications are that further rate reductions are likely but may not be as quick as markets had originally been forecasting.

6.8. The November quarterly Monetary Policy Report (MPR) is forecasting Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be 0.5% between April and June 2024, a downward revision from the 0.6% rate previously reported by the Office for National Statistics (ONS).

6.9. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with February 2025 the likely next cut, taking Bank Rate down to around 3.75% by the end of 2025.

6.10. **Financial Markets:** Expectation is for long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

6.11. **Credit Review:** Due to improving credit conditions our treasury advisors, increased their recommended maximum unsecured duration limit on most banks on its counterparty list to 6 months from the previous limit of 100 days.

6.12. Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.

6.13. Financial market volatility is expected to remain a feature, at least in the near term and credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review

6.14. An outlook for the remainder of 2024/25 and interest rate forecast provided by Arlingclose is attached at **Annex A**.

2. Local Context

6.15. As at 30 November 2024 the Authority has borrowings of £370m and investments of £50m. 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

	31/03/24 Actual £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
General Fund CFR	506	498	525	521
Less: Other long term liabilities *	(18)	(17)	(17)	(15)
Loans CFR	**488**	**481**	**508**	**506**
Less: External borrowing **	(337)	(296)	(128)	(123)
Internal (over) borrowing	**151**	**185**	**380**	**383**
Less: Usable reserves	(131)	(122)	(113)	(103)
Less: Working capital	(46)	(47)	(50)	(50)
Investments (or New borrowing)	**26**	**(16)**	**(217)**	**(230)**

* 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

6.16. 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.

6.17. 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 2024/25.

3. Borrowing Strategy

6.18. The Authority currently holds loans of £352m, an increase of £15m since 31 March 2024. However, this will increase to a higher level, currently forecast as £370m at 31 March 2025.

6.19. Borrowing is at a lower level than our Capital Financing Requirement (CFR) which means that internal resources (reserves, etc) are being used rather than external debt. However, increasing service demand and the unfunded special educational needs situation is utilising those internal resources resulting in increased borrowing.

6.20. Interest rates have seen substantial rises over the last 2 years which has significantly increased the cost of borrowing. The expectation is that borrowing costs will start to fall although market uncertainty and tightening liquidity in the markets suggests we will not benefit from lower rates until 2025/26.

6.21. At the moment, cash shortfalls are generally being met by temporary borrowing from other Local Authorities which for a number of years has been considerably cheaper than other sources of borrowing and allowed the Council to keep financing costs low. The cost of these loans is currently relatively high compared with longer term loans but interest forecasts suggest it is still the cheaper option in the long term. However, liquidity risk remains an issue as funds become more scarce towards year end and the request to the Government for exceptional financial support has raised credit worthiness concerns with some lenders. To reduce liquidity risk, consideration is being given to taking more longer term PWLB loans.

6.22. The cost of short term borrowing for the first 8 months of 2024/25 is 5.38% which is an increase from 4.82% in 2023/24. These costs are now expected to reduce as the outlook is for reducing interest rates.

6.23. **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 2024/25. It is unlikely that the lender will exercise their options but if this happens, the Authority is likely to take the option to repay LOBO loans at no cost.

4. Investment Strategy

6.24. 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. The level at 30 November 2024 is £50m.

6.25. 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.

6.26. 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.

6.27. Treasury Management income to 30 November 2024 is £2,260,000 which is higher than the budgeted £1,250,000. However, borrowing costs are also higher than budgeted at £12.4m compared to budget of £10.7m. This is caused by a combination of increasing interest rates with an increased borrowing requirement. From the projected cash flows for the remainder of 2024/25 the net additional financing costs (borrowing less investment interest) is expected to be £0.8m in excess of that budgeted.

- The average daily investment balance including managed funds up to 30 November 2024 is £65.3m

- The average annualized interest rate received on in-house investments up to 30 November 2024 is 5.06%

- The average annualized interest rate received on the externally managed funds up to 30 November 2024 is 5.60%

6.28. The Authority's total average interest rate on all investments in 2024/25 is 5.17%. The return is below our own performance target of 5.60% (average Base Rate + 0.50%) due to the short term nature of most of our investments. However, we do compare favourably to the Sterling Over Night Interest Average (SONIA) rate.

Table 3 – Interest Rate Comparison

Comparator	Average Rate to 30/11/2024
Cheshire East	5.17%
SONIA	5.05%
Base Rate	5.10%
Target Rate	5.60%

6.29. As the Authority holds 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.

6.30. The investments are in five different funds which are all designed to give an annual income return higher than cash investments but which have different underlying levels of volatility. By spreading investments across different types of fund, the intention is to dampen any large fluctuations in the underlying value of the investments.

Table 4 –Strategic Investments

Fund Manager	Asset Class	Invested £m	**Current Value £m**
CCLA	Property	7.5	7.2
Aegon	Multi Asset	5.0	4.7
Fidelity	Equity - Global	4.0	4.4
Schroders	Equity - UK	2.5	2.4
M & G	Bonds	1.0	0.9
TOTAL		20.0	19.6

6.31. The value of these investments does vary. Fund values had been affected by high inflation, the effects of the war in Ukraine and low levels of GDP. However, the 8 month period to September 2024 has shown a gradual improvement, particularly to the equity funds. All funds continue to deliver good levels of income return.

Chart 2 – Current Investments by Counterparty Type

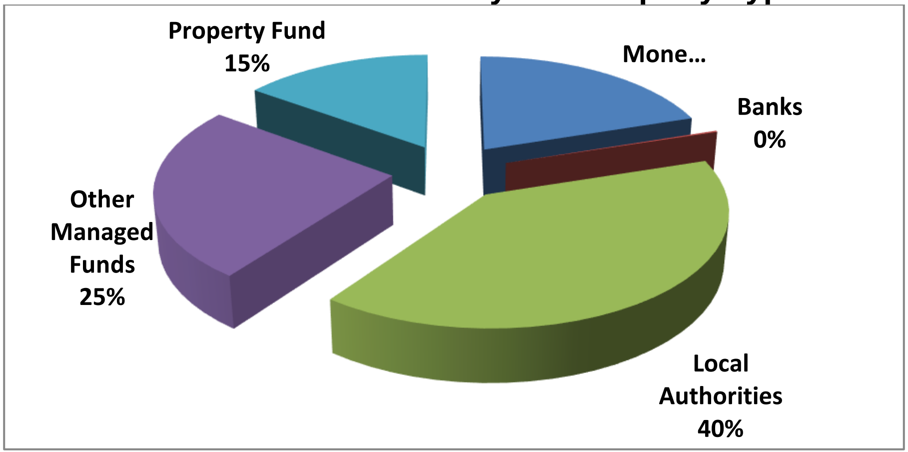
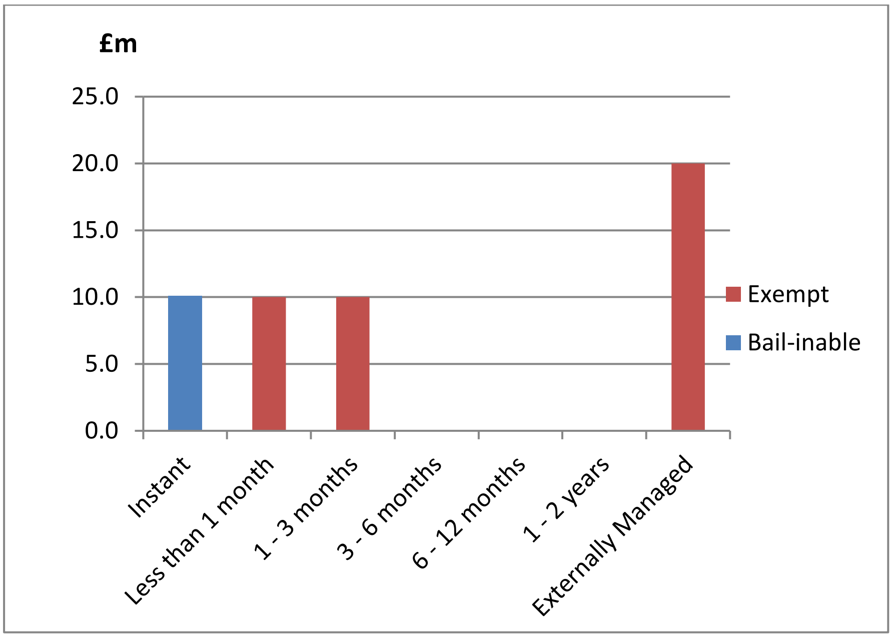


Table 5 – Types of Investments and Current Interest Rates

Instant Access Accounts	**Average Rate**	**£m**
Money Market Funds	4.79%	10.0
Banks	4.62%	0.1
Fixed Term Deposits		**£m**
Local Authorities	4.95%	20.0
Externally Managed Funds		**£m**
Total – see table 4	5.60%	20.0

Summary of Current Investments		£m
TOTAL	5.17%	**50.1**

Chart 3 – Maturity Profile of Investments



6.32. 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.

Treasury Management Indicators

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

6.34. **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% **rise** in interest rates	£2,270,000
Likely revenue impact in 2024/25 of a 1% **rise** in interest rates	£1,296,000

6.35. 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 2024/25 so a fall in rates would lead to savings rather than incurring additional cost so a limit of £0 was set. Rates are now more likely to reduce than increase so full revenue impact of changing rates is likely to be beneficial.

6.36. **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 30 September 2024 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	75%	68%
12 months and within 24 months	75%	1%
24 months and within 5 years	75%	6%
5 years and within 10 years	75%	12%
10 years and within 20 years	100%	5%
20 years and above	100%	8%

6.37. 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 has been considerably cheaper than alternatives and allows for LOBO loans which 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.

6.38. **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	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

Annex B: Existing Investment & Debt Portfolio Position

	30/11/24 Actual Portfolio £m	30/11/24 Average Rate %
External Borrowing:		
PWLB – Fixed Rate	157	4.79%
Local Authorities	174	5.38%
LOBO Loans	17	4.63%
Other	4	4.92%
Total External Borrowing	**352**	**5.03%**
Other Long Term Liabilities:		
PFI	18	-
Total Gross External Debt	**370**	-
Investments:		
Managed in-house		
Short-term investments:		
Instant Access	10	4.78%
Fixed Term Deposits	20	4.95%
Managed externally		
Property Fund	7.5	5.06%
Multi Asset Fund	5	5.82%
Equity - Global	4	5.95%
Equity - UK	2.5	6.80%
Bonds	1	4.11%
Total Investments	**50**	**5.17%**
Net Debt	**320**	-

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ANNEX 2

Cheshire East Council

Third Financial Review 2024/25

Capital Programme by Committee

Adults and Health Committee

Adults & Health — CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28													
	Forecast Expenditure							Forecast Funding					
Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024/28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress													
Adults Services													
Community - Rural Shared Prosperity Fund	413	81	332	0	0	0	**332**	332	0	0	0	0	**332**
Electronic Call Monitoring System	389	0	389	0	0	0	**389**	0	0	389	0	0	**389**
People Planner System	94	43	51	0	0	0	**51**	51	0	0	0	0	**51**
Replacement Care4CE Devices	93	65	28	0	0	0	**28**	28	0	0	0	0	**28**
Total Committed Schemes	**989**	**189**	**800**	**0**	**0**	**0**	**800**	**411**	**0**	**389**	**0**	**0**	**800**
Total Adults and Health Schemes	**989**	**189**	**800**	**0**	**0**	**0**	**800**	**411**	**0**	**389**	**0**	**0**	**800**

Children and Families Committee

Children and Families — CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28

Scheme Description	Total Approved Budget	Prior Years	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28	Total Forecast Budget 2024/28	Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	Total Funding
	Forecast Expenditure							Forecast Funding					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes in progress													
Childrens Social Care													
Foster Carers Capacity Scheme	534	434	51	50	0	0	**101**	0	0	0	0	101	**101**
**Crewe Youth Zone	4,826	395	2,025	2,406	0	0	**4,431**	3,584	0	0	0	847	**4,431**
Family Hubs Transformation	131	124	7	0	0	0	**7**	7	0	0	0	0	**7**
**Children's Home Sufficiency Scheme	1,404	204	700	500	0	0	**1,200**	0	0	0	0	1,200	**1,200**
Strong Start, Family Help & Integration													
Early Years Sufficiency Capital Fund	1,036	943	14	79	0	0	**93**	93	0	0	0	0	**93**
Childcare Capital Expansion	749	0	449	300	0	0	**749**	749	0	0	0	0	**749**
Education and 14-19 Skills													
Adelaide Academy	904	55	100	748	0	0	**848**	678	0	0	0	170	**848**
Basic Need Grant Allocation	7,569	10	5,117	2,442	0	0	**7,559**	7,559	0	0	0	0	**7,559**
Brine Leas High School	701	5	696	0	0	0	**696**	696	0	0	0	0	**696**
Cledford House	11	11	0	0	0	0	**0**	0	0	0	0	0	**0**
Congleton Planning Area - Primary (1)	2,209	179	0	2,030	0	0	**2,030**	764	1,266	0	0	0	**2,030**
Congleton Planning Area - Primary (2)	628	574	55	0	0	0	**55**	55	0	0	0	0	**55**
Congleton Planning Area - Primary (3)	7,504	4	49	0	2,200	5,250	**7,499**	4,299	3,200	0	0	0	**7,499**
Devolved Formula Grant - Schools	1,533	0	893	330	310	0	**1,533**	1,533	0	0	0	0	**1,533**
Energy Efficiency Grant - Schools	672	391	280	0	0	0	**280**	280	0	0	0	0	**280**
Future Schemes - Feasibility Studies	250	25	225	0	0	0	**225**	225	0	0	0	0	**225**
Handforth Planning Area - New School	13,003	3	100	400	4,000	8,499	**12,999**	135	12,864	0	0	0	**12,999**
Little Angels Satellite Sites	29	21	8	0	0	0	**8**	8	0	0	0	0	**8**
Macclesfield Academy Resource Provision	103	3	100	0	0	0	**100**	100	0	0	0	0	**100**
Macclesfield Planning Area - Secondary	1,163	1,148	15	0	0	0	**15**	0	15	0	0	0	**15**
Macclesfield Planning Area - Secondary New	1,031	5	0	1,025	0	0	**1,025**	1,025	0	0	0	0	**1,025**
Macclesfield Planning Area - New School	4,001	1	0	0	0	4,000	**4,000**	0	4,000	0	0	0	**4,000**
Malbank High School	1,922	1,897	25	0	0	0	**25**	25	0	0	0	0	**25**
Mobberley Primary School	1,208	35	2	609	561	0	**1,172**	872	0	0	300	0	**1,172**

OFFICIAL

Children and Families — CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28

Scheme Description	Forecast Expenditure							Forecast Funding					
	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024/28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress													
Nantwich Planning Area (Primary Schools - 210	9,061	733	500	7,328	500	0	**8,328**	5,308	3,020	0	0	0	**8,328**
Oakfield Lodge & Stables	50	12	38	0	0	0	**38**	38	0	0	0	0	**38**
Poynton Planning Area	1,500	13	100	1,387	0	0	**1,487**	684	803	0	0	0	**1,487**
Provision of Sufficient School Places - SEND	7,182	3,861	3,000	322	0	0	**3,322**	0	0	0	0	3,322	**3,322**
Puss Bank SEN Expansion	532	520	12	0	0	0	**12**	0	0	0	0	12	**12**
Provision of SEN Unit - Wistaston Primary School	1,506	169	1,337	0	0	0	**1,337**	1,037	0	0	0	300	**1,337**
Sandbach Primary Academy	1,583	106	1,477	0	0	0	**1,477**	1,477	0	0	0	0	**1,477**
Schools Condition Capital Grant	7,833	1,227	2,606	2,000	2,000	0	**6,606**	6,606	0	0	0	0	**6,606**
SEN/High Needs Capital Allocation	5,327	168	5,159	0	0	0	**5,159**	5,159	0	0	0	0	**5,159**
Shavington Planning Area - New Primary School	8,040	156	100	1,000	6,784	0	**7,884**	5,549	2,335	0	0	0	**7,884**
Shavington Planning Area - Secondary	3,506	2,883	623	0	0	0	**623**	623	0	0	0	0	**623**
Springfield Satellite Site (Dean Row)	6,112	5,934	178	0	0	0	**178**	0	0	0	0	178	**178**
The Dingle PS Expansion	1,395	1,135	260	0	0	0	**260**	260	0	0	0	0	**260**
Tytherington High School	2,500	172	100	2,228	0	0	**2,328**	2,328	0	0	0	0	**2,328**
Various SEN Sites - Small Works/Adaptations	150	0	150	0	0	0	**150**	150	0	0	0	0	**150**
Wheelock Primary School	2,411	201	1,000	1,210	0	0	**2,210**	1,750	460	0	0	0	**2,210**
Wilmslow High School BN	14,179	12,355	1,300	525	0	0	**1,825**	487	1,290	0	0	48	**1,825**
Wilmslow Primary Planning Area	626	1	625	0	0	0	**625**	125	500	0	0	0	**625**
Total Committed Schemes	**126,615**	**36,114**	**29,476**	**26,919**	**16,355**	**17,749**	**90,499**	**54,268**	**29,753**	**0**	**300**	**6,178**	**90,499**
New Schemes													
Education and 14-19 Skills													
New Satellite Special School - 1	6,000	0	500	5,500	0	0	**6,000**	6,000	0	0	0	0	**6,000**
New Satellite school - 2	9,000	0	50	950	5,000	3,000	**9,000**	9,000	0	0	0	0	**9,000**
New SEN places - 1	1,089	0	339	750	0	0	**1,089**	1,089	0	0	0	0	**1,089**
New SEN places - 2	25	0	25	0	0	0	**25**	25	0	0	0	0	**25**
New SEN places - 3	163	0	163	0	0	0	**163**	163	0	0	0	0	**163**
SEN New Free School	998	0	5	745	248	0	**998**	998	0	0	0	0	**998**
Workplace	0	0	0	0	0	0	**0**	0	0	0	0	0	**0**
Gainsborough Primary - Flooring	304	0	50	254	0	0	**304**	304	0	0	0	0	**304**
Total New Schemes	**17,579**	**0**	**1,132**	**8,199**	**5,248**	**3,000**	**17,579**	**17,579**	**0**	**0**	**0**	**0**	**17,579**
Total Children and Families Schemes	**144,194**	**36,114**	**30,608**	**35,118**	**21,603**	**20,749**	**108,078**	**71,847**	**29,753**	**0**	**300**	**6,178**	**108,078**

Corporate Policy Committee

Corporate CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28													
	Forecast Expenditure							Forecast Funding					
Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress													
ICT Services													
Accelerate Digital	1,460	0	760	700	0	0	**1,460**	0	0	0	0	1,460	**1,460**
**Care Act Phase 2	6,314	4,599	635	1,080	0	0	**1,715**	0	0	0	0	1,715	**1,715**
Digital Customer Enablement	3,102	2,424	678	0	0	0	**678**	0	0	0	0	678	**678**
**ICT Device Replacement	1,912	683	729	500	0	0	**1,229**	0	0	0	0	1,229	**1,229**
ICT Hybrid Model	3,449	445	3,004	0	0	0	**3,004**	0	0	0	0	3,004	**3,004**
**IADM (Information Assurance and Data	19,465	16,421	1,644	1,400	0	0	**3,044**	0	0	0	0	3,044	**3,044**
Infrastructure Investment Programme (IIP)	34,429	31,065	730	1,804	830	0	**3,364**	0	0	0	0	3,364	**3,364**
Vendor Management	1,006	765	23	218	0	0	**241**	0	0	0	0	241	**241**
Finance & Customer Services													
**Core Financials	11,317	9,365	997	662	293	0	**1,952**	0	0	0	0	1,952	**1,952**
**Strategic Capital Projects	15,588	8,754	500	2,500	2,000	1,834	**6,834**	0	0	0	0	6,834	**6,834**
**Vendor Management - Phase 2	99	24	0	25	50	0	**75**	0	0	0	0	75	**75**
Total Committed Schemes	**98,141**	**74,545**	**9,700**	**8,889**	**3,173**	**1,834**	**23,596**	**0**	**0**	**0**	**0**	**23,596**	**23,596**
Total CorporatePolicy Schemes	**98,141**	**74,545**	**9,700**	**8,889**	**3,173**	**1,834**	**23,596**	**0**	**0**	**0**	**0**	**23,596**	**23,596**

Economy and Growth Committee

Economy & Growth — CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28

Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
		Forecast Expenditure						Forecast Funding					
Committed Schemes in progress													
Facilities Management													
Public Sector Decarbonisation Fund - FM 3	5,214	5,023	191	0	0	0	**191**	0	0	0	0	191	**191**
PSDS - 3B - Lot 1	1,028	77	827	124	0	0	**951**	827	0	0	0	123	**951**
PSDS - 3B - Lot 3 (schools)	4,390	3,267	1,123	0	0	0	**1,123**	1,056	0	0	0	67	**1,123**
**Septic Tanks	636	285	50	50	251	0	**351**	0	0	0	0	351	**351**
Schools Capital Maintenance	8,315	5,575	1,696	1,044	0	0	**2,740**	2,459	0	0	0	281	**2,740**
**Corporate Landlord - Operational	999	996	4	0	0	0	**4**	0	0	0	0	4	**4**
**Premises Capital (FM)	39,914	32,530	3,557	2,678	1,149	0	**7,384**	0	0	0	0	7,384	**7,384**
Poynton Pool Spillway	1,380	468	276	636	0	0	**912**	0	0	0	0	912	**912**
Housing													
Crewe Towns Fund - Warm and Healthy Homes	2,126	31	827	1,268	0	0	**2,095**	2,095	0	0	0	0	**2,095**
Disabled Facilities	22,025	10,181	3,580	2,664	2,800	2,800	**11,844**	10,807	109	0	0	928	**11,844**
Green Homes Grant	3,105	2,378	50	339	339	0	**728**	728	0	0	0	0	**728**
Gypsy and Traveller Sites	4,136	2,938	1,198	0	0	0	**1,198**	175	0	0	0	1,023	**1,198**
**Home Repairs Vulnerable People	1,338	870	66	402	0	0	**468**	0	32	0	0	436	**468**
Home Upgrade Grant Phase 2	4,409	740	2,000	1,669	0	0	**3,669**	3,666	3	0	0	0	**3,669**
Local Authority Housing Fund	742	293	140	309	0	0	**449**	449	0	0	0	0	**449**
Social Housing Decarbonisation Fund	1,565	1,557	8	0	0	0	**8**	8	0	0	0	0	**8**
Temporary Accommodation	1,479	1,069	410	0	0	0	**410**	0	164	0	0	246	**410**
Warm Homes Fund	239	213	26	0	0	0	**26**	26	0	0	0	0	**26**
Estates													
Corporate Landlord - Non-Operational	1,336	0	0	1,336	0	0	**1,336**	0	0	0	0	1,336	**1,336**
Malkins Bank Landfill Site	1,360	661	116	583	0	0	**699**	0	0	0	0	699	**699**
**Farms Strategy	2,910	1,689	55	331	209	626	**1,221**	0	0	0	1,221	0	**1,221**

CAPITAL PROGRAMME 2024/25 - 2027/28

	Forecast Expenditure							Forecast Funding					
Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress													
Economic Development													
Crewe Towns Fund - Repurposing Our High Streets	1,132	162	463	507	0	0	**970**	970	0	0	0	0	**970**
Crewe Towns Fund - Flag Lane Baths	1,968	583	1,385	0	0	0	**1,385**	32	0	0	0	1,353	**1,385**
Crewe Towns Fund - Mill Street Corridor	4,027	684	2,546	798	0	0	**3,343**	3,343	0	0	0	0	**3,343**
Crewe Towns Fund - Mirion St	1,190	164	1,026	0	0	0	**1,026**	1,026	0	0	0	0	**1,026**
Crewe Towns Fund - Crewe Youth Zone non-grant	351	125	63	163	0	0	**226**	226	0	0	0	0	**226**
History Centre Public Realm & ICV (Crewe Towns Fund) CTC1	580	10	200	370	0	0	**570**	570	0	0	0	0	**570**
Handforth Heat Network	13,219	17	663	50	450	12,039	**13,202**	2,587	7,428	0	0	3,187	**13,202**
**Demolition of Crewe Library & Concourse CTC10	3,396	859	2,538	0	0	0	**2,538**	1,015	0	0	0	1,523	**2,538**
Future High Street Funding - CEC Innovation Centre	3,973	530	3,443	0	0	0	**3,443**	3,443	0	0	0	0	**3,443**
Crewe Town Centre Regeneration	32,293	30,993	300	1,000	0	0	**1,300**	198	64	0	0	1,037	**1,300**
**South Macclesfield Development Area	34,630	3,259	100	100	0	31,171	**31,371**	10,000	10,000	0	11,371	0	**31,371**
North Cheshire Garden Village	57,866	7,026	5,261	6,588	17,285	21,706	**50,840**	20,165	0	0	21,700	8,975	**50,840**
Handforth Garden Village s106 Obligations	6,841	0	0	0	2,740	4,101	**6,841**	0	0	0	0	6,841	**6,841**
**Leighton Green	2,096	1,468	150	478	0	0	**628**	0	0	0	0	628	**628**
Connecting Cheshire Phase 3	8,000	128	800	2,000	2,200	2,872	**7,872**	0	7,872	0	0	0	**7,872**
Connecting Cheshire 2020	9,250	5,680	585	0	0	2,985	**3,570**	3,570	0	0	0	0	**3,570**
UK Shared Prosperity Fund - Core	950	202	748	0	0	0	**748**	748	0	0	0	0	**748**
Culture & Tourism													
Cattle Handling Facility - Oakwood Farm	367	367	0	0	0	0	**0**	0	0	0	0	0	**0**
Countryside Vehicles	1,579	700	226	219	217	217	**879**	0	0	0	0	879	**879**
Culture & Tourism S106 Schemes	601	91	98	385	5	22	**510**	22	488	0	0	0	**510**
**New Archives Premises CTC1	10,256	442	3,141	6,433	240	0	**9,814**	0	0	0	0	9,814	**9,814**
PROW Capital Works	1,138	1,042	96	0	0	0	**96**	96	0	0	0	0	**96**
PROW CMM A6 MARR	100	69	2	29	0	0	**31**	31	0	0	0	0	**31**
PROW Flood Damage Investment	72	71	1	0	0	0	**1**	0	0	0	0	1	**1**
Visitor Economy - Rural Shared Prosperity Fund	415	113	302	0	0	0	**302**	302	0	0	0	0	**302**
**Tatton Park Investment Phase 2	3,280	1,434	436	684	725	0	**1,845**	0	0	0	0	1,845	**1,845**
Total Committed Schemes	**308,219**	**127,061**	**40,772**	**33,237**	**28,610**	**78,539**	**181,158**	**70,643**	**26,159**	**0**	**34,291**	**50,064**	**181,158**

CAPITAL PROGRAMME 2024/25 - 2027/28													
	Forecast Expenditure							Forecast Funding					
Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
New Schemes													
Facilities Management													
PSDS - 3C	1,449	0	290	1,159	0	0	**1,449**	1,449	0	0	0	0	**1,449**
Estates													
WorkplaCE	1,000	0	1,000	0	0	0	**1,000**	1,000	0	0	0	0	**1,000**
Economic Development													
Macclesfield Indoor Market Refurbishment (MIMR)	1,712	40	1,673	0	0	0	**1,673**	1,673	0	0	0	0	**1,673**
Macc on Foot (MOF)	351	5	347	0	0	0	**347**	347	0	0	0	0	**347**
Nantwich Town Centre Public Realm Improvements	100	0	0	100	0	0	**100**	0	100	0	0	0	**100**
Culture & Tourism													
**Green Structures Investment	384	0	0	271	113	0	**384**	0	0	0	0	384	**384**
Total New Schemes	**4,997**	**45**	**3,309**	**1,530**	**113**	**0**	**4,952**	**4,468**	**100**	**0**	**0**	**384**	**4,952**
Total Growth & Enterprise	**313,216**	**127,107**	**44,081**	**34,767**	**28,723**	**78,539**	**186,109**	**75,112**	**26,259**	**0**	**34,291**	**50,448**	**186,110**

Environment and Communities Committee

Environment & Communities — CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28												
	Forecast Expenditure						Forecast Funding					
Scheme Description	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress												
Environment Services												
Bereavement Service Data System	7	28	0	0	0	**28**	0	0	28	0	0	**28**
Booth Bed Lane, Goostrey	0	40	100	0	0	**140**	0	140	0	0	0	**140**
Bosley Village Play Area	0	10	10	0	0	**20**	0	20	0	0	0	**20**
Browns Lane Play Area 2024/25	0	12	0	0	0	**12**	0	12	0	0	0	**12**
**Carbon Offset Investment	137	131	300	0	0	**431**	0	0	0	0	431	**431**
Carnival Fields	0	0	42	0	0	**42**	0	42	0	0	0	**42**
Chelford Village Hall Open Space and Sport Improvements	119	2	0	0	0	**2**	0	0	0	0	2	**2**
Chelford Village Hall Phase 2	0	61	0	0	0	**61**	0	61	0	0	0	**61**
Cremator Flue Gas Modifications	0	30	0	0	0	**30**	0	0	0	0	30	**30**
Crewe Crematorium and Macclesfield Crematorium Major	14	16	0	0	0	**16**	0	0	0	0	16	**16**
Elworth Park	0	52	0	0	0	**52**	0	52	0	0	0	**52**
Energy Improvements at Cledford Lane	908	77	0	0	0	**77**	0	0	0	0	77	**77**
Fleet EV Transition	39	1,557	3,301	2,000	0	**6,858**	0	0	0	0	6,858	**6,858**
Fleet Vehicle Electric Charging	155	150	140	140	0	**430**	0	0	0	0	430	**430**
Future High Street Funding - Sustainable Energy Network	1,148	633	0	0	0	**633**	633	0	0	0	0	**633**
Green Investment Scheme (Solar Farm)	2,279	1,665	6	0	0	**1,671**	0	0	0	0	1,671	**1,671**
Grounds Maintenance Management ICT System	101	20	0	0	0	**20**	0	0	0	0	20	**20**
Household Bins Schemes	0	0	0	0	0	**0**	0	0	0	0	0	**0**
Household Waste Recycling Centres	48	222	590	0	0	**812**	0	0	0	0	812	**812**
Jim Evison Playing Fields	0	0	161	0	0	**161**	0	161	0	0	0	**161**
Litter and Recycling Bins	119	17	25	25	22	**89**	0	0	0	0	89	**89**
Longridge Open Space Improvement Project	0	66	0	0	0	**66**	0	66	0	0	0	**66**
Macclesfield Chapel Refurbishment	22	7	400	0	0	**407**	0	0	0	0	407	**407**
Main Road, Langley	0	259	0	0	0	**259**	0	259	0	0	0	**259**
Newtown Sports Facilities Improvements	81	18	0	0	0	**18**	0	18	0	0	0	**18**

OFFICIAL

CAPITAL PROGRAMME 2024/25 - 2027/28

	Forecast Expenditure						Forecast Funding					
Scheme Description	**Prior Years £000**	**Forecast Budget 2024/25 £000**	**Forecast Budget 2025/26 £000**	**Forecast Budget 2026/27 £000**	**Forecast Budget 2027/28 £000**	**Total Forecast Budget 2024-28 £000**	**Grants £000**	**External Contributions £000**	**Revenue Contributions £000**	**Capital Receipts £000**	**Prudential Borrowing £000**	**Total Funding £000**
**Park Development Fund	670	53	36	87	0	**176**	0	0	0	0	176	**176**
Park Lane, Poynton	0	39	0	0	0	**39**	0	39	0	0	0	**39**
Park Play, Meriton Road & Stanley Hall	0	10	0	0	0	**10**	0	10	0	0	0	**10**
Pastures Wood De-carbonisation	35	16	0	0	0	**16**	0	0	16	0	0	**16**
Pear Tree Play Area, Stapeley Improvements	1	6	0	0	0	**6**	0	6	0	0	0	**6**
Queens Park Bowling Green	0	17	0	0	0	**17**	0	17	0	0	0	**17**
Rotherhead Drive Open Space and Play Area	117	24	0	0	0	**24**	0	24	0	0	0	**24**
Shaw Heath Recreation Ground	3	19	0	0	0	**19**	0	19	0	0	0	**19**
**Solar Energy Generation	91	10	6,000	5,000	3,079	**14,089**	0	0	0	0	14,089	**14,089**
Stanley Hall Improvements	0	55	0	0	0	**55**	20	35	0	0	0	**55**
The Carrs Improvement Project	0	15	46	0	0	**61**	0	61	0	0	0	**61**
The Moor, Knutsford	0	36	0	0	0	**36**	0	17	0	0	19	**36**
Tytherington Public Art	0	10	0	0	0	**10**	0	10	0	0	0	**10**
Unsafe Cemetery Memorials	9	26	0	0	0	**26**	0	0	0	0	26	**26**
Victoria Park Amenity Improvements	9	11	0	0	0	**11**	0	11	0	0	0	**11**
Victoria Park Pitch Improvements	28	1	0	0	0	**1**	0	1	0	0	0	**1**
West Park Open Space & Sports Improvements	23	98	0	0	0	**98**	0	98	0	0	0	**98**
Wilmslow Town Council - Villas	0	81	0	0	0	**81**	34	13	0	0	34	**81**
Woodland South of Coppice Way, Handforth	68	5	16	0	0	**21**	0	21	0	0	0	**21**
Wynbunbury Parish Open Space	1	4	0	0	0	**4**	0	4	0	0	0	**4**
Wybunbury St Chad's Closed Cemetery	0	0	219	0	0	**219**	0	0	0	0	219	**219**
Neighbourhood Services												
Congleton Leisure Centre	12,963	38	0	0	0	**38**	0	20	0	0	18	**38**
Crewe Towns Fund - Valley Brook Green Corridor	327	1,372	1,640	0	0	**3,012**	3,012	0	0	0	0	**3,012**
Crewe Towns Fund - Cumberland Arena	128	2,140	825	0	0	**2,965**	2,965	0	0	0	0	**2,965**
Crewe Towns Fund - Pocket Parks	652	436	393	0	0	**829**	829	0	0	0	0	**829**
Middlewich Leisure Centre	51	9	0	0	0	**9**	0	0	0	0	9	**9**
Libraries - Next Generation - Self Service	336	38	0	0	0	**38**	0	0	0	0	38	**38**
Bollington Leisure	0	51	0	0	0	**51**	51	0	0	0	0	**51**
Planning & Regulatory Services												
Regulatory Systems & Environmental Health ICT System	279	34	0	0	0	**34**	0	0	0	0	34	**34**
Total Committed Schemes	**20,968**	**9,727**	**14,250**	**7,252**	**3,101**	**34,330**	**7,544**	**1,237**	**44**	**0**	**25,505**	**34,330**

OFFICIAL

CAPITAL PROGRAMME 2024/25 - 2027/28												
	Forecast Expenditure						Forecast Funding					
Scheme Description	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
New Schemes												
Environment Services												
Closed Cemeteries	0	50	102	0	0	**152**	0	0	0	0	152	**152**
LTA - Tennis Facility Improvements	1	124	0	0	0	**124**	99	0	0	0	25	**124**
Review of Household Waste Recycling Centres	2	100	900	0	0	**1,000**	0	0	0	0	1,000	**1,000**
Strategic Leisure Review	0	1,750	1,000	650	0	**3,400**	0	0	0	0	3,400	**3,400**
Weekly Food Waste Collections	0	80	2,132	500	0	**2,712**	2,712	0	0	0	0	**2,712**
Macclesfield Crematorium - hearth replacement	0	11	0	0	0	**11**	0	0	11	0	0	**11**
Total New Schemes	**3**	**2,115**	**4,134**	**1,150**	**0**	**7,399**	**2,811**	**0**	**11**	**0**	**4,577**	**7,399**
Total Environment and Communities Schemes	**20,971**	**11,842**	**18,384**	**8,402**	**3,101**	**41,729**	**10,355**	**1,237**	**55**	**0**	**30,083**	**41,729**

Highways and Transport Committee

Highways & Transport — CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28

Scheme Description	Forecast Expenditure							Forecast Funding					
	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress													
Highways													
**A532 Safer Road Fund Scheme	1,223	677	546	0	0	0	**546**	447	0	0	0	99	**546**
A536 Safer Road Fund Scheme	2,404	1,925	479	0	0	0	**479**	385	0	0	0	94	**479**
**A537 Safer Road Fund Scheme	2,733	2,155	578	0	0	0	**578**	335	0	0	0	243	**578**
Air Quality Action Plan	523	421	102	0	0	0	**102**	87	0	0	0	15	**102**
Alderley Edge Bypass Scheme Implementation	60,611	60,359	25	227	0	0	**252**	0	0	0	0	252	**252**
Bridge Maintenance Minor Wks	12,463	10,037	2,427	0	0	0	**2,427**	1,406	602	0	0	418	**2,427**
Client Contract and Asset Mgmt	756	485	271	0	0	0	**271**	111	0	0	0	160	**271**
Footpath Maintenance - Slurry Sealing & Reconstruction Works	1,319	514	805	0	0	0	**805**	805	0	0	0	0	**805**
Highway Maintenance Minor Wks	67,964	53,616	14,348	0	0	0	**14,348**	9,994	0	0	0	4,353	**14,348**
Highway Pothole/Challenge Fund	11,669	8,098	3,571	0	0	0	**3,571**	3,316	0	0	0	255	**3,571**
Jack Mills Way Part 1 Claims	300	299	1	0	0	0	**1**	0	1	0	0	0	**1**
Local Highway Measures	7,255	6,873	382	0	0	0	**382**	382	0	0	0	0	**382**
Ward Members Local Highway Measures	872	0	357	515	0	0	**872**	496	0	0	0	376	**872**
Programme Management	1,547	1,229	286	33	0	0	**318**	318	0	0	0	0	**318**
Road Safety Schemes Minor Wks	6,423	5,944	378	100	0	0	**478**	350	0	0	0	128	**478**
Traffic Signal Maintenance	1,095	516	318	260	0	0	**578**	577	0	0	0	1	**578**
Traffic Signs and Bollards - LED Replacement	1,250	1,011	239	0	0	0	**239**	0	0	0	0	239	**239**
**Winter Service Facility	958	674	97	97	89	0	**284**	0	0	0	0	284	**284**
Infrastructure													
**A500 Dualling scheme	89,456	11,031	50	1,950	0	76,425	**78,425**	74,125	4,300	0	0	0	**78,425**
A500 Corridor OBC Update	2,435	0	300	2,135	0	0	**2,435**	2,435	0	0	0	0	**2,435**
A50 / A54 Holmes Chapel	603	100	0	0	0	503	**503**	0	503	0	0	0	**503**
A54 / A533 Leadsmithy Street, Middlewich	563	176	0	0	0	387	**387**	0	387	0	0	0	**387**
**A6 MARR CMM Handforth	1,088	1,032	56	0	0	0	**56**	0	56	0	0	0	**56**
A6 MARR Technical Design	473	280	0	194	0	0	**194**	70	124	0	0	0	**194**
A556 Knutsford to Bowdon	504	367	50	87	0	0	**137**	0	137	0	0	0	**137**
Peacock Roundabout Junction	750	2	50	500	0	198	**748**	0	748	0	0	0	**748**
Congleton Link Road	83,991	72,263	574	1,254	1,279	8,621	**11,728**	316	11,412	0	0	0	**11,728**
Crewe Green Roundabout	7,500	7,057	0	443	0	0	**443**	0	443	0	0	0	**443**
**Flowerpot Phs 1 & Pinchpoint	10,037	1,509	100	588	336	7,504	**8,528**	3,284	726	0	0	4,518	**8,528**

Highways & Transport CAPITAL

CAPITAL PROGRAMME 2024/25 - 2027/28

Scheme Description	Forecast Expenditure							Forecast Funding					
	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes in progress													
Future High Street Funding - Adaptive Signals	509	455	54	0	0	0	**54**	0	54	0	0	0	**54**
Future High Street Funding - Flag Lane Link	1,558	1,249	0	309	0	0	**309**	309	0	0	0	0	**309**
Future High Street Funding - Southern Gateway	5,118	1,318	3,800	0	0	0	**3,800**	3,800	0	0	0	0	**3,800**
Highways & Infrastructure S106 Funded Schemes	4,731	816	1,004	1,179	494	1,238	**3,915**	497	3,417	0	0	0	**3,915**
Transport & Infrastructure Development Studies	350	10	50	290	0	0	**340**	340	0	0	0	0	**340**
Middlewich Eastern Bypass	96,600	26,237	1,031	22,140	22,876	24,316	**70,363**	46,779	14,611	0	0	8,973	**70,363**
Mill Street Corridor - Station Link Project	1,534	92	900	542	0	0	**1,442**	858	284	0	0	300	**1,442**
North-West Crewe Package	51,366	43,108	7,058	300	300	600	**8,258**	0	8,258	0	0	0	**8,258**
Old Mill Road / The Hill Junction	1,325	187	0	1,137	0	0	**1,137**	0	1,137	0	0	0	**1,137**
Poynton Relief Road	54,849	46,283	2,623	1,096	1,146	3,700	**8,566**	2,236	3,138	0	1,000	2,191	**8,566**
Sydney Road Bridge	10,501	10,111	25	200	165	0	**390**	0	390	0	0	0	**390**
Strategic Transport and Parking													
A538 Waters Roundabout Pedestrian and Cyclist Crossing	140	87	53	0	0	0	**53**	53	0	0	0	0	**53**
Active Travel Fund	2,861	729	951	1,181	0	0	**2,132**	2,132	0	0	0	0	**2,132**
Active Travel (Cycling / Walking Route) Investment	3,329	2,765	564	0	0	0	**564**	499	0	0	0	65	**564**
Available Walking Routes	151	0	151	0	0	0	**151**	151	0	0	0	0	**151**
Bollin Valley / Greater Bollin Trail	100	89	11	0	0	0	**11**	11	0	0	0	0	**11**
LEVI Capital Fund 23/24	2,172	0	0	543	543	1,086	**2,172**	2,172	0	0	0	0	**2,172**
On-street Residential Charging	551	258	293	0	0	0	**293**	251	0	0	0	42	**293**
Park Lane – Ayreshire Way, Congleton Walking and Cycling	250	14	236	0	0	0	**236**	236	0	0	0	0	**236**
Route 55 Middlewood Way on Black Lane	700	694	6	0	0	0	**6**	6	0	0	0	0	**6**
Sustainable Travel Access Prog	2,438	2,038	200	200	0	0	**400**	400	0	0	0	0	**400**
Sustainable Modes of Travel to Schools Strategy (SMOTSS)	1,117	756	361	0	0	0	**361**	361	0	0	0	0	**361**
Public Transport Infrastructure	1,815	1,134	681	0	0	0	**681**	681	0	0	0	0	**681**
Local Access - Crewe Transport Access Studies	400	88	100	212	0	0	**311**	311	0	0	0	0	**311**
Local Access - Macclesfield Transport Access Studies	300	61	100	139	0	0	**239**	239	0	0	0	0	**239**
Middlewich Rail Study	20	0	20	0	0	0	**20**	20	0	0	0	0	**20**
LTP Development & Monitoring Studies	900	430	50	200	221	0	**471**	471	0	0	0	0	**471**
Digital Car Parking Solutions	140	93	19	27	0	0	**47**	0	0	0	0	47	**47**
Pay and Display Parking Meters	620	607	13	0	0	0	**13**	0	0	0	0	13	**13**
Car Parking Improvements (including residents parking)	322	266	0	56	0	0	**56**	0	0	0	0	56	**56**
Total Committed Schemes	**625,533**	**388,628**	**46,744**	**38,134**	**27,448**	**124,578**	**236,904**	**162,053**	**50,728**	**0**	**1,000**	**23,123**	**236,904**

CAPITAL PROGRAMME 2024/25 - 2027/28

Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Total Forecast Budget 2024-28 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
	Forecast Expenditure							Forecast Funding					
New Schemes													
Highways													
**Managing and Maintaining Highways	4,712	0	0	4,712	0	0	**4,712**	0	0	0	0	4,712	**4,712**
Pothole Funding	17,397	0	0	5,799	5,799	5,799	**17,397**	17,397	0	0	0	0	**17,397**
Integrated Block - LTP	6,009	0	0	2,003	2,003	2,003	**6,009**	6,009	0	0	0	0	**6,009**
**Maintenance Block - LTP	19,476	0	0	7,878	5,799	5,799	**19,476**	17,397	0	0	0	2,079	**19,476**
Incentive Fund - LTP	4,350	0	0	1,450	1,450	1,450	**4,350**	4,350	0	0	0	0	**4,350**
Strategic Transport and Parking		0	0	0	0	0	**0**	0	0	0	0	0	**0**
Car Parking Review	895	0	895	0	0	0	**895**	0	0	0	0	895	**895**
Total New Schemes	**52,839**	**0**	**895**	**21,842**	**15,051**	**15,051**	**52,839**	**45,153**	**0**	**0**	**0**	**7,686**	**52,839**
Total Highways & Transport	**678,372**	**388,628**	**47,639**	**59,976**	**42,499**	**139,629**	**289,743**	**207,206**	**50,728**	**0**	**1,000**	**30,809**	**289,743**

OPEN

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Corporate Policy Committee

Thursday, 6 February 2025

Medium Term Financial Strategy 2025/26-2028/29 (Corporate Policy Committee)

Report of: Adele Taylor, Interim Executive Director of Resources (S151 Officer)

Report Reference No: CP/16/24-25

Ward(s) Affected: All Wards

For Decision or Scrutiny: Both

Purpose of Report

1 This report presents the Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2025/26 to 2028/29. The Corporate Policy Committee is being asked to consider the relevant proposed budget changes in relation to the responsibilities of this Committee and also consider the feedback from the wider budget consultation.

2 The Committee is being asked to recommend a legally balanced budget which with the combination of income, use of resources, robust savings plans and the proposals for the use of Exceptional Financial Support (EFS) and increase in Council Tax, will ensure that income will cover ongoing costs and future commitments in a sustainable and manageable way for 2025/26, to the full Council meeting on 26 February 2025.

Executive Summary

3 The Council's financial resources are provided from a combination of local taxes, government grants, investment returns on assets and other direct contributions from individuals or organisations. Financial plans are based on estimated spending and income over the next four years and the report of the Chief Finance Officer brings Members' attention to the processes and risks associated with developing these estimates.

4 The Council aims to achieve value for money based on economy (how much we pay for things), efficiency (how well we use things) and effectiveness (how we use things to achieve outcomes). Public feedback and internal and external

scrutiny create the necessary framework to hold the Council to account for achieving these aims.

5 All councils are legally required to set a balanced budget each year.

6 The budget setting process for 2025/26 has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels.

7 There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council's financial position being taken to Corporate Leadership Team and all committees throughout 2024/25.

8 The MTFS Report provides financial background as well as setting out further details of the ongoing approach to funding the priorities set out in the Cheshire East Plan. It highlights the spending plans and income targets for the financial year starting 1 April 2025, as well as forecast estimates up to the 2028/29 financial year.

9 The Cheshire East Plan is a key strategic document for the Council, setting the vision and objectives for the whole organisation. It is a vital part of the Council's performance management framework and how the MTFS is delivered. The MTFS aligns resources to manage the costs associated with achieving the Council's vision.

10 A new Cheshire East Plan 2025-29 is being developed in parallel to the budget as the MTFS is the resource plan for its delivery. The draft Cheshire East Plan will follow the same timeline as the MTFS and be taken to Corporate Policy Committee and full Council in February 2025.

Recommendations from Finance Sub Committee

11 Finance Sub Committee in their meeting on 9 January 2025 made the following recommendations to the Corporate Policy Committee:

12 The Finance Sub Committee request that the Corporate Policy Committee consider the MTFS smoothing reserve to be disaggregated and returned to General Reserves.

13 The Finance Sub Committee request that the Corporate Policy Committee looks at the reserve situation and considers if they are adequate and have capacity to cover any above anticipated inflationary pay award in the region of a further 3% of what has been budgeted for.

14 This report provides the Medium-Term Financial Strategy (MTFS) Report (containing the Budget for 2025/26 that will be part of the recommendations) for the period 2025/26 to 2028/29 at **Appendix A**.

RECOMMENDATIONS

The Corporate Policy Committee notes:

(a) The summary results of the Budget Engagement exercise undertaken by the Council, as set out in **Appendix B** and consider any implications for the MTFS.

(b) The draft report of the Council's Section 151 Officer, contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix A, Section 2, Section 25 Statement**). This remains a draft report and will be finalised following a recommendation by this committee to Full Council.

(c) The Council's Finance Procedure Rules remain unchanged and will always apply to ensure proper approval should any changes in spending requirements be identified (**Appendix A, Annex 9**).

(d) The report includes a change in MRP Accounting Policy, with effect from 1 April 2024 the effects for 2025/26 being reflected in the MTFS (**Appendix A, Annex 5, Section 3, para 5.52**).

The Corporate Policy Committee:

(e) Identifies any further budget change proposals, as related to the Committee's responsibilities, that could assist in presenting an overall balanced budget to Council for 2025/26.

(f) Recommend to Council the items below –

That Council notes:

1 The Report of the Council's Chief Finance Officer (Section 151 Officer), contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix A, Section 2, Section 25 Statement**).

That Council, having given due regard to the report of the Chief Finance Officer, approves:

2 The Revenue estimates for the 2025/26 budget (**Appendix A, Section 2, Overview**) and the medium-term Capital Programme estimates 2025-2029, as detailed in the Medium-Term Financial Strategy Report (MTFS) 2025-2029 (**Appendix A, Section 2, Capital budget**).

3 The setting of Band D Council Tax of £1,882.04 representing an increase of 4.99%. This is below the referendum limit (including 2% ringfenced for Adult Social Care) and arises from the provisional finance settlement (**Appendix A, Section 1, Key Funding Assumptions**).

OR

4 Subject to receiving permission from MHCLG, set a Band D Council Tax of £1,971.67 representing an increase of 9.99%. (See paragraphs 71 to 78).

5 The utilisation of up to £25.3m conditional EFS (Capitalisation Direction) via borrowing

to balance the 2025/26 budget shortfall (as reflected in **Appendix A, Section 2, Balancing the Budget**) and to delegate to the Chief Finance Officer (Section 151 Officer) to review the basis of funding through the 2025/26 year and report to the appropriate committee any recommended change to the funding basis of the EFS. The 2024/25 planned use of Flexible Capital Receipts is increased to £1.518m, an increase of £0.518m from the £1m approved in the 2024-28 Medium-Term Financial Strategy Report to fund transformational projects within the Council (**Appendix A, Section 1, Key Funding Assumptions**).

6 The 2025/26 planned use of Flexible Capital Receipts is £1.0m (**Appendix A, Annex 5, Section 3**).

7 The allocation of Revenue Grant Funding for 2025/26 of £397.080m (**Appendix A, Annex 3**), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix A, Annex 3 (noting that all such variations will subsequently be reported to the appropriate committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution).

8 The allocation of Capital Grant Funding for 2025/26 of £99.122m (**Appendix A, Annex 4**), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix A, Annex 4 (noting that all such variations will subsequently be reported to the appropriate committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution).

9 The Capital Strategy (**Appendix A, Annex 5**).

10 The Prudential Indicators for Capital Financing (**Appendix A, Annex 5**).

11 The Investment Strategy; including the financial limits for various classifications of investment, and the investment decision making process set out in the Strategy (**Appendix A, Annex 6**).

12 The Treasury Management Strategy (**Appendix A, Annex 7**) and the Minimum Revenue Position (MRP) Statement for 2025/26 to 2028/29 (**Appendix A, Annex 5**) which includes a change in the MRP Policy, with effect from 1 April 2024.

13 The Reserves Strategy (**Appendix A, Annex 8**), which includes proposed movements to and from reserves.

That Council recognises that Corporate Policy Committee considered:

14 The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix B**) and the results contained within that report.

Context for the Medium-Term Financial Strategy (MTFS)

15 The MTFS and underpinning financial strategies underpin how Cheshire East Council will allocate resources, achieve the Cheshire East Plan and provide local services every day. The strategies must be affordable, based on robust estimates and balanced against adequate reserves.

16 The Cheshire East Plan 2021-25 was refreshed for 2024/25 and approved in July 2024. It articulates the vision of how these services will make Cheshire East an Open, Fair and Green borough:

- Open - We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East.
- Fair - We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents.
- Green - We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development.

17 **Appendix A, Annex 1** summarises the Cheshire East Plan on one page. A new Cheshire East Plan 2025-29 is now being developed in parallel to the budget as the MTFS is the resource plan for its delivery. This new plan is on the same agenda.

18 The MTFS and new Cheshire East Plan have been developed in parallel and the new plan aligns closely to the overall strategy for the original plan. Therefore, it is not expected that there will be any material changes that impact on the MTFS identified through the development of the delivery plan. If any material changes are identified later, these would need to be brought back for amended through Corporate Policy Committee and full Council.

The Financial Operating Cycle

19 The Council operates a three-stage cycle to support its financial strategies, the stages are Plan, Monitor and Report. Progress against each element of this cycle is crucial to maintain sustainable services:

Plan

20 The Council approved a four-year strategy in February 2024. In-year performance identified inflation factors and service growth that exceeded the budget, putting pressure on reserves.

21 The issues were also forecast to continue into the following financial year and beyond, therefore significant work had to be undertaken to mitigate these pressures as far as possible.

22 The reports received by committees in November 2024 set out the budget shortfall position for 2025/26 at that time and recommended that officers work with Members to develop further proposals to enable budgets to be managed within the overall estimated funding envelope for 2025/26.

23 At the time it was noted that further in-year analysis and the provisional local government funding announcements were due to follow and were then embedded into the current model.

24 Part of developing the plan is consulting and engaging with those potentially impacted. The Council launched local consultation on 19 December 2024 and reported the updated position at that time to all service committees during January.

25 Part of this consultation was around a new set of core budget principles included in the MTFS 2025-2029 as set out in **Appendix A, Section 1, Core Budget Principles**. These set out how we plan to prioritise funding over the life of the MTFS. Adhering to these principles is fundamental during times of exceptional financial pressure. The core budget principles are:

- Principle 1 – build and maintain an adequate level of reserves.
- Principle 2 – raise Council Tax in line with the maximum allowable limit.
- Principle 3 – optimise income generation.
- Principle 4 – capital investment to maximise return on investment, align to the Council's Cheshire East Plan priorities and its Medium-Term Financial Strategy.
- Principle 5 – alignment with the Cheshire East Plan aims.
- Principle 6 – maintain tight financial control of in year budgets and management within budgeted cash envelopes.
- Principle 7 – create and maintain central contingency and risk budgets to mitigate against the impact of short term non delivery of savings.

Monitor (and Manage)

26 The Council regularly monitors the financial position and a single finance report is now considered at all service committees since the start of the financial year 2024/25. This ensures that there is a broader understanding of the overall financial health of the Council, as well as ensuring that financial decisions are not taken in isolation and without understanding wider implications than just a single service committee. It is important to note that monitoring also includes taking action where budgets are off track and is not just a passive assessment of our financial position.

27 The outturn position for 2024/25 is currently forecast to be an overspend of £18.3m at the Third Financial Review (FR3) position. The forecast has been reported to each service committee in January 2025, with detailed narrative on intended mitigating actions to reduce in-year and on-going pressures.

28 This financial year, an officer group, the Strategic Finance Management Board introduced weekly meetings, chaired by the S151 Officer and has led on a number of key tasks to urgently reduce spend and identify additional savings, including:

(a) Line-by-line reviews of all budgets to further identify immediately any underspends and/or additional funding.

(b) Stop any non-essential spend.

(c) Actively manage vacancies, particularly agency usage and reduce any overspends on staffing as soon as possible.

(d) Review of Section 106 legacy budgets, the effects of which are partly reflected in the FR3 forecast outturn as a one-off contribution to reserves.

(e) Review of capital receipts available and potential surplus assets that can be sold (for best consideration).

(f) Identification of any other areas of discretionary spend including grants awarded, where spend can be reduced or stopped.

(g) Review Debt management / overall level of bad debt provision – work undertaken to date, focusing on the Adult Social Care bad debt provision, has identified through adopting a new approach to reviewing and monitoring these debts, an improvement (reduction) of the Council's bad debt provision of £1.07m, further work is ongoing and will be updated at Outturn.

(h) Any directorate that is identified as being off target by more than 5% is subject to a detailed finance and performance review on a weekly basis through a financial recovery review process. This process has been put in place for Adults Services and Children and Families and has lead to proposals in the current MTFS to appropriately right-size the budget based on the levels of activity in these services.

29 In addition to reporting at the formal 'financial review' points in the year, other progress reports have been taken to particular service committees on their items as appropriate. For example, reports on: high cost care packages in Adults and Children's Services; work between directorates to enhance the transition process from child to adult social care; safer walking routes for school children; libraries strategy; asset transfers and devolving services to town and parish councils; car parking; and the use of assets to support transformation of services (including for Special Educational Needs and Disabilities, and Extra Care Housing).

30 During the year, a working group, formed from members of the Finance Sub Committee, scrutinised the budget assumptions for income and expenditure that were included in the last approved MTFS report. These assumptions were revised as necessary for the next MTFS report in line with current information and analysis. **Appendix A** sets out the key expenditure and funding assumptions included in the MTFS 2025-2029.

Report

31 Financial performance has been reported regularly to committees throughout 2024/25. This includes reporting on the final outturn position for 2023/24 which was presented in June 2024, and in-year financial reviews reported in September, November and January / February.

32 These reports are now single reports considered by all committees, and the way in which the reports were structured has been changed in this financial

year, including more performance and risk information but this will be built upon for the new financial year.

33 The reports have included information on budget variances, identification of any mitigating actions where budgets are off track, delivery against agreed savings as well as information on the Capital programme. It has also included information on corporate funding that all makes up the overall financial health of the organisation.

34 This MTFS includes the financial implications of transformational activity and so it will be important to embed more detailed reporting into the reports considered by committees for next year on this activity, especially where this will fall over more than one financial year.

35 Additional information on the Capital programme will also need to be included in the new financial year, including detail around the cost of borrowing especially given proposals around borrowing for EFS.

36 As important part of our reporting is our Statutory Accounts. The statutory accounts for 2023/24 were closed within the national deadline.

Transformation

37 In the Section 25 report of the MTFS report approved by the Council for 2024/25, the S151 Officer stated that the Council must transform to create sustainable services and support infrastructure projects that reflect ‘whole life’ costs. This must cover the medium to long term and be backed by reserves that can manage any emerging risks.

38 As part of the Council’s request for EFS, there were several conditions that would need to be met prior to formal approval, in summary the Council needed to:

- Undergo an external assurance review on the Council’s financial position and financial management policies, and the Council’s work to improve its productivity and efficiency.
- Produce an improvement and transformation programme within six months (by 27 August 2024) that is focused on delivering the Council’s key objectives and securing the medium-term financial position.
- The programme should incorporate any recommendations identified as part of the external review.

39 In August 2024, the Corporate Policy Committee considered the Council’s Transformation Plan that required submission to the Ministry of Housing, Communities and Local Government (MHCLG) by no later than 27 August 2024. This was a formal requirement in order for the Council to access conditional EFS.

40 This Transformation Plan links closely with other improvement work, particularly in Children's services where the Council must respond to the external inspection and the need to improve outcomes for our children and young people. This transformation programme includes investment across all service

areas but is also aligned with the improvement plan following our ILACS (Inspection of Local Authority Children's Services) inspection.

41 As stated in previous reports, the Council needed to transform the way it delivers its services. Given that the gap between funding and our current responsibilities had been identified in February 2024 as growing to £100m by the end of 2027/28, including the need to replenish general reserves to a minimum of £20m.

42 During 2024/25, in developing this MTFS, the Council has worked with an external partner, Inner Circle, to develop a Transformation Plan. The Transformation Plan will support the delivery of approved/proposed savings, cost avoidance, cost mitigation and identify new savings for the coming years.

43 There are six programmes within the plan, each containing a range of projects and other initiatives across:

- Workforce
- Social Care
- Place
- Early Intervention and Prevention
- Digital
- Special Projects

44 The revenue and capital implications for growth, investment and savings associated with the above initiatives have been reflected in the MTFS 2025/26 – 2028/29.

45 The approved Transformation Plan can be accessed here: https://moderngov.cheshireeast.gov.uk/ecminutes/documents/s119439/CPC%20Transformation%20Plan%20V%200.01%20003.pdfBudget%202025/26

Budget 2025/26

46 **Appendix A, Section 2** sets out the S25 statement of the Chief Finance Officer (S151) and the planned response to setting the 2025/26 budget and reserves position and the transformational activity taking place during 2025/26 and beyond to help address the financial crisis the Council is facing.

The Medium-Term Financial Strategy (Key headlines)

47 The Medium-Term Financial Strategy presented in **Appendix A** contains the following headlines for the 2025/26 financial year.

48 Overall net revenue spending on services is being increased by £26.7m to £402.4m in 2025/26, as shown in Table 1:

Table 1: Summary position for 2025/26 to 2028/29	Revised Budget 2024/25 £m	Estimated Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m	Estimated Net Budget 2027/28 £m	Estimated Net Budget 2028/29 £m
Adults, Health and Integration	138.0	**159.4**	**157.2**	**158.8**	**160.2**
Childrens Services	88.6	**97.3**	**97.2**	**97.0**	**96.8**
Place	92.2	**91.0**	**95.2**	**96.6**	**103.8**
Resources and Chief Executive's Office	41.7	**42.8**	**47.2**	**49.1**	**50.6**
Council Wide Transformation savings	0.0	**-13.5**	**-34.2**	**-45.2**	**-45.2**
Total Service Budgets	360.5	**377.1**	**362.6**	**356.3**	**366.1**
CENTRAL BUDGETS:					
Capital Financing	31.7	**35.0**	**38.8**	**41.9**	**43.2**
Flexible use of Capital Receipts	-1.0	**-1.0**	**-1.0**	**-1.0**	**-1.0**
Bad Debt Provision (change)	-0.1	**-0.1**	**-0.1**	**-0.1**	**-0.1**
Contingency Budget	0.0	**16.0**	**30.9**	**42.8**	**55.7**
Risk Budget	0.0	**0.0**	**3.8**	**2.0**	**0.8**
Pension adjustment	0.0	**-0.7**	**-0.7**	**-0.7**	**-0.7**
Use of (-) / Top up (+) Reserves	-15.4	**1.3**	**5.0**	**8.9**	**8.9**
Total Central Budgets	15.2	**50.5**	**76.6**	**93.7**	**106.8**
TOTAL: SERVICE + CENTRAL BUDGETS	**375.7**	**427.6**	**439.3**	**450.0**	**473.0**
FUNDED BY:					
Council Tax	-287.1	**-307.3**	**-325.6**	**-345.0**	**-365.5**
Business Rate Retention Scheme	-56.6	**-57.1**	**-57.1**	**-57.1**	**-57.1**
Revenue Support Grant	-0.4	**-0.8**	**-0.8**	**-0.8**	**-0.8**
Specific Unring-fenced Grants	-31.6	**-37.1**	**-34.1**	**-34.1**	**-34.1**
TOTAL: FUNDED BY	**-375.7**	**-402.4**	**-417.7**	**-437.0**	**-457.6**
Exceptional Financial Support - Capitalisation Direction		**-25.3**			
Funding Position (+shortfall)	**0.0**	**0.0**	**21.6**	**13.0**	**15.4**

Note – table may not add across/down due to roundings

49 Central government unringfenced grants (including Revenue Support Grant) will increase by £6.0m overall to £38.0m.

50 Funding from Council Tax increases by £20.2m, to £307.3m. This is on the basis of a proposed Council Tax increase of 4.99% from £1,792.59 to £1,882.04 for a Band D property. 2% (£5.7m) of the total Council Tax increase relates to Adult Social Care and partially supports the forecast growth in demand. This is set at the current limit for all councils.

51 Capital spending is forecast at £596.1m for the period 2025/26 to 2028/29 including £294m on Highways, £160m on Economy and Growth and £83m on Education and Children’s Social Care.

52 The capital programme includes £142m for schemes that require financial contributions from Cheshire East for all or part of their funding.

53 In order to set a legally balanced budget, the Council has submitted an application to MHCLG to be allowed to have EFS. This is included in Table 1, and in this presentation assumes that this will be fully funded by borrowing. Further detail on this is included below.

Capital Financing and Borrowing

54 In addition to funding from Council Tax, grants and other income, the Council also needs to appropriately manage its everyday cashflow through Treasury Management activity as well as consider how it funds its Capital programme.

All of this has an impact on the revenue budget, particularly in relation to the costs of borrowing to fund the Capital programme.

55 In order to reduce the significant pressure on the revenue budget the Council should aim to pay more back to current borrowing commitments in any one year than it adds with new borrowing, so bringing down the overall borrowing burden year on year to a more sustainable level.

56 As part of reviewing the MTFS, we undertook a Balance Sheet review through our Treasury Advisors, Arlingclose Ltd.

57 As part of that review, they considered the revenue impact of the current Minimum Revenue Provision (MRP) and Capital Financing Requirement (CFR) policy currently in place. We asked them to assess our alignment with current Chartered Institute of Public Finance and Accountancy (CIPFA) guidance.

58 As part of that review, they proposed changes which are set out in the Capital Strategy (**Appendix A, Annex 5, Section 3**) summarising the change in Accounting Policy required, and the effect of the change through the 2025/26 – 2028/29 MTFS against the Capital Financing Budget. In summary, these are below and set out in **Appendix A, Annex 5, Section 3, para 5.52**:

- 2024/25 £3.8m net improvement – to be reflected at Outturn
- 2025/26 £4.2m net improvement – reflected in MTFS

59 Changes to the Accounting Policy need to be made in the current year 2024/25 due to new regulations coming in from 1 April 2025 and therefore have the benefit of reducing the 2024/25 charge to revenue with a betterment to the overall outturn position plus ongoing impacts from 2025/26 onwards reflected through the MTFS. Making such a change has long term implications and discussions with our external auditors, Ernst & Young, will take place before final implementation.

60 The Capital Financing Budget over the term of the MTFS will be impacted in several ways; the Dedicated Schools Grant deficit, EFS and borrowing to fund capital projects all have separate impacts and Table 2 below summarises those.

Table 2: Capital Financing Budget - elements	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**
Interest Payable – DSG Deficit	5.6	6.4	7.4	7.4
Interest Payable – EFS	1.0	1.7	1.6	1.6
Interest Payable – Capital Borrowing	13.5	12.8	13.3	13.3
Interest receivable	(2.3)	(2.1)	(2.1)	(2.1)
Total Net Interest	**17.8**	**18.8**	**20.2**	**20.2**
MRP - EFS	0.5	1.3	2.1	2.2
MRP – Capital Borrowing	16.7	18.7	19.6	20.8
Total MRP	**17.2**	**20.0**	**21.7**	**23.0**
Total CFB requirement	**35.0**	**38.8**	**41.9**	**43.2**

61 The table assumes that the Accounting Policy change is adopted and that EFS is fully funded by borrowing.

62 As part of the building of the forecast for our borrowing costs, we need to make an assumption about what our likely Capital receipts will be over the life of the MTFS from the sale of any assets. Table 3 below sets out the latest prudent forecast for future year capital receipts based on the disposal programme.

Table 3: Forecast – Prudent View	**2025/26 £m**	**2026/27 £m**	**2027/28+ £m**
Forecast (Prudent view)	9.07	10.94	12.75
Already included in MTFS / Capital Programme	(2.25)	(2.75)	(5.0)
Additional Receipts Forecast	**6.82**	**8.19**	**7.75**

63 It allows for some slippage / timing differences around actual receipts and adjustments for receipts already included in the currently approved MTFS 2024/25 either within the Capital programme or as part of the Capital Financing Budget.

64 As part of the strategic approach to balancing the 2025/26 budget and MTFS for 2025/26-2028/29, consideration will be given to the available capital receipts and their utilisation to support:

- Investment of transformational activities (e.g. revenue growth)
- Funding EFS costs – instead of additional borrowing – as set out in the Recommendations.
- Invest to save capital projects (E.g. transformation).

Dedicated Schools Grant (DSG) Deficit

65 The risk to the Council remains regarding the High Needs spending from the Dedicated Schools Grant (DSG). The accumulated deficit is forecast to be £115.7m by the end of 2024/25. A statutory override was previously extended by a further two years by the previous Government, which means that DSG deficits do not have to be covered from the General Fund i.e. they are not cash backed up to 31 March 2026. The Provisional Settlement announcement by the current Government has delayed any update on the override until proposed reforms of the SEND system are announced. That is expected before the end of February 2025.

Exceptional Financial Support (EFS) (2024/25 and 2025/26)

66 As noted in paragraph 27 above, the 2024/25 forecast in year overspend of £18.3m (as per Third Financial Review) will need to be funded from conditional £17.6m EFS (Capitalisation direction) and £0.7m from reserves. The forecast revenue cost of financing the £17.6m EFS over 20 years is £1.56m per annum and is reflected in the 2025/26 budget and MTFS 2025/26-2028/29.

67 Net revenue service expenditure in 2025/26 is expected to increase by £52.0m, however income from additional funding is only forecast to increase by £26.7m, creating a budget deficit of £25.3m, which will have to be funded by the use of conditional EFS (Capitalisation direction) due to lack of available reserves.

68 An urgent report was received by full Council on 11 December 2024, which was necessitated following a request from the Ministry of Housing, Communities and Local Government (MHCLG) received on 4 December 2024 to submit a formal request and supporting evidence for any EFS for future years by Friday 13 December 2024. At the same time, any revisions to previous in-principle decisions also needed to be submitted for the current year. The request at that time was £31.4m for 2025/26.

69 The revised gap for 2025/26 of £25.3m contained in Table 1 above now reduces the EFS required for 2025/26 by £6.1m. The paper also gave delegated permission to the S151 Officer to liaise with MHCLG on any changes following the finance settlement and other funding announcements which she will continue to do to advise them of the changes.

70 The use of EFS is included within this report based on it being in the form of a capitalisation direction, which is the most prudent view.

Alternative option relating to Council Tax

71 Cheshire East Council wrote to MHCLG to request permission to propose the option of increasing Council Tax above the referendum limit set by government.

72 The Council asked for permission, under arrangements for EFS, to propose an increase of up to 9.99%. This is 5% higher than the 4.99% increase or ‘referendum limit’, as set out by government in the local government finance policy statement 2025 to 2026. The MTFS attached at Appendix A has been prepared on the basis of a Council Tax increase of 4.99%, therefore this alternative option is only reflected in this section of the report.

73 The impact of that alternative option would be a revised budget shown in Table 4 below.

74 There would be increased Council Tax income in 2025/26 and over the medium term of £14.6m per annum with a further small residual incremental increase of c,£0.9m per annum from 2026/27 in line with the increasing taxbase.

75 This allows a small increase in the contingency budget in 2027/28 and 2028/29 which also may allow earlier replenishment of reserves.

76 Exceptional Financial Support in the form of a Capitalisation direction would be reduced from £25.3m to £10.6m and £6.1m in 2026/27.

Table 4: Summary position for 2025/26 to 2028/29	Revised Budget 2024/25 £m	Estimated Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m	Estimated Net Budget 2027/28 £m	Estimated Net Budget 2028/29 £m
Adults, Health and Integration	138.0	**159.4**	**157.2**	**158.8**	**160.2**
Childrens Services	88.6	**97.3**	**97.2**	**97.0**	**96.8**
Place	92.2	**91.0**	**95.2**	**96.6**	**103.8**
Resources and Chief Executive's Office	41.7	**42.8**	**47.2**	**49.1**	**50.6**
Council Wide Transformation savings	0.0	**-13.5**	**-34.2**	**-45.2**	**-45.2**
Total Service Budgets	360.5	**377.1**	**362.6**	**356.3**	**366.1**
CENTRAL BUDGETS:					
Capital Financing	31.7	**35.0**	**38.8**	**41.9**	**43.2**
Income from Capital Receipts	-1.0	**-1.0**	**-1.0**	**-1.0**	**-1.0**
Bad Debt Provision increase	-0.1	**-0.1**	**-0.1**	**-0.1**	**-0.1**
Contingency Budget	0.0	**16.0**	**30.9**	**46.3**	**57.7**
Risk Budget	0.0	**0.0**	**3.8**	**2.0**	**0.8**
Pension adjustment	0.0	**-0.7**	**-0.7**	**-0.7**	**-0.7**
Use of (-) / Top up (+) Reserves	-15.4	**1.3**	**5.0**	**8.9**	**8.9**
Total Central Budgets	15.2	**50.5**	**76.6**	**97.2**	**108.8**
TOTAL: SERVICE + CENTRAL BUDGETS	**375.7**	**427.6**	**439.3**	**453.5**	**475.0**
FUNDED BY:					
Council Tax	-287.1	**-321.9**	**-341.1**	**-361.4**	**-382.9**
Business Rate Retention Scheme	-56.6	**-57.1**	**-57.1**	**-57.1**	**-57.1**
Revenue Support Grant	-0.4	**-0.8**	**-0.8**	**-0.8**	**-0.8**
Specific Unring-fenced Grants	-31.6	**-37.1**	**-34.1**	**-34.1**	**-34.1**
TOTAL: FUNDED BY	**-375.7**	**-417.0**	**-433.2**	**-453.5**	**-475.0**
Exceptional Financial Support - Capitalisation Direction		**-10.6**			
Funding Position (+shortfall)	**0.0**	**0.0**	**6.1**	**0.0**	**0.0**

Note – table may not add across/down due to roundings

77 Any additional Council Tax would be an alternative way of funding current service provision and reduce the requirement to use capitalisation directions to be able to set a legally balanced budget. This would reduce the ongoing cost of borrowing over the next 20 years and would also increase the Council Tax base for the Council which would provide greater long-term financial sustainability.

78 At the time of writing this report, we have not been given a decision either way on the possibility of increasing Council Tax by up to an additional 5% and therefore the committee will need to consider any recommendation to full Council in that context. *At the time of publication, the recommendation further up in the report remains highlighted due to the Council awaiting a response from MHCLG.*

Reserves

79 The Council needs to consider the appropriate level of reserves that it should hold. Reserves are amounts of money that are set aside for the following reasons:

- Earmarked reserves for specific purposes, recognising that expenditure will fall across different years from when the income related to that activity may be received.

- A “sinking fund” that smooths out expenditure that would otherwise create a single spike in one financial year. An example is an election reserve that spreads out a single years costs across the four year term.
- A general fund reserve that is set aside to mitigate against urgent expenditure that may be required due to an event outside the control of the Council.

80 Currently, the Council holds very low amounts of reserves and these have been historically low and reducing over a number of years. The MTFS must therefore deal with the replenishment of reserves whilst balancing the cost of doing so.

81 Table 5 below breaks down the current levels of reserves and the proposed replenishment of those reserves.

Table 5:

Earmarked Reserves	Opening Balance 01 April 2024 £000	Closing Balance Forecast 31 March 2025 £000	Closing Balance Forecast 31 March 2026 £000	Closing Balance Forecast 31 March 2027 £000	Closing Balance Forecast 31 March 2028 £000	Closing Balance Forecast 31 March 2029 £000
Adults and Health	5,226	2,378	1,399	1,399	2,796	4,194
Children and Families	1,724	0	0	0	0	0
Corporate Policy	20,772	7,618	7,587	5,256	7,411	11,656
Economy and Growth	2,777	903	0	0	0	0
Environment and Communities	870	152	0	0	0	0
Highways and Transport	908	488	400	400	400	400
Earmarked Reserves Total	**32,277**	**11,539**	**9,386**	**7,055**	**10,607**	**16,250**
General Fund Reserve	5,580	3,696	5,000	10,000	15,000	20,000
Total Reserves	**37,857**	**15,235**	**14,386**	**17,055**	**25,607**	**36,250**

82 At the 31 March 2025, the forecast balance in the General Fund Reserve will be £3.696m and the forecast balance in the earmarked reserves will be £11.539m of which, £2.378m is unallocated ring-fenced grant for Public Health specific use. The remaining earmarked reserves are set out below with the exception of £1.143m for Place Directorate services that are due to be fully utilised in 2025/26 (See **Appendix A, Annex 8, Section 4**).

83 The current balance in the General Fund does not align to the minimum level of reserves of £20m that the Council should be holding Therefore, the Council plans to increase the General Fund Reserve to £5m by 31 March 2026 and by £5m per annum over the medium term.

84 It is also recommended that any beneficial financial performance or additional income should be added to reserves in the first instance over the medium-term, which could reduce future years gaps earlier in the MTFS.

85 The strategy for managing reserves is included in the MTFS **Appendix A, Annex 8** and, the Council has set out some key principles that it needs to

continue to follow in the short and medium term to manage the financial uncertainty that it faces.

86 This includes an important Principle (7) – to create and maintain a central contingency and risk of undelivered savings budgets.

87 This recognises the request from Finance Sub Committee as reported in June 2024, to set aside a central contingency fund and risk budget against undeliverable savings to protect against the risk of underachievement of planned transformation savings and / or unforeseen growth in service budgets.

- Contingency Budget - The aim is to maintain this annual contingency budget over the medium term at 1.5% of the net revenue budget plus other known risks which if they materialise will be vired to the correct place during the financial year.
- Risk Budget - The risk of underachievement of savings targets grows as more and more challenging savings are included in the budget setting. Setting aside a risk budget based on a percentage of the savings identified in any given year is prudent (currently 10%).
- Any proposed use of these two Strategic Budgets in year will require the approval from both the Chief Executive and S151 Officer and will be determined against the criteria when creating the budgets as set out above. This will need to follow appropriate decisions to be approved and/or reported to the relevant committee at the earliest opportunity.

88 The following Strategic earmarked reserves are proposed within the Reserves Strategy (**Appendix A, Annex 8**), and in some cases, replenished over the four year MTFS as part of the Council's approach to improving the robustness of the MTFS and adequacy of Reserves:

- PFI Equalisation Reserve - Extra Care Housing – to meet future payments on the existing PFI contract.
- Public Health unallocated ring-fenced grant – to be invested in areas to improve performance against key targets (subject to annual assurance sign off).
- Insurance Reserve – to settle insurance claims and manage excess costs.
- Transformation Reserve – to fund the Council's transformation programme costs.
- Collection Fund Reserve - to manage cash flow implications as part of the Business Rates Retention Scheme.
- Elections Reserve – to provide funds for Election costs every four years.
- Flood Risk and Adverse Weather Events Reserve - to help the service manage risks such as the impact of adverse weather, specifically flooding or extensive periods where winter maintenance is required.

89 At 31 March 2026, the forecast balance in the earmarked reserves is £9.386m.

90 The proposals for the General Fund and the Earmarked Reserves are set out in **Appendix A, Annex 8**. It should be noted that the MTFS Earmarked Reserve

has been cleared as part of the movements to the General Fund Balance in forecasting the closing 2024/25 Reserves position.

91 Members will note within the Reserves Strategy (**Appendix A, Annex 8**), the proposal of building back the General Fund reserve to £20m in line with the Cheshire East Plan target, over the next four years. At 31 March 2025 these proposals anticipate that the balance will be £3.7m and a further contribution of £1.3m is planned for 2025/26 such that the General Fund reserve is £5m at 31 March 2026. In the event the 2025/26 pay award is higher than budgeted, the General Fund reserve will be used to support any difference in the first instance with the future year of the MTFS being adjusted to top up plans for future years.

Public Engagement on budget setting approach

92 The Medium-Term Financial Strategy has been developed during 2024 and an online budget engagement survey was published on 19 December 2024.

93 During the engagement exercise, there were 304 responses, with additional feedback being provided by the Council's service committees. Appendix B provides information on the responses. A summary of feedback is provided below:

94 Budget engagement for 2024 to 2025 invited respondents to share their views on six principles that the Council proposed to use to shape its budget and financial strategy for 2025 to 2029.

95 Feedback on the principles is summarised below:

96 **Principle 1 - Resizing and reshaping the budget to protect services and support for Cheshire East residents who are most in need**. - Many supported funding for services that help the most in need, and recognised that the Council has an obligation to deliver these services. However, some respondents voiced concerns about this being at the expense of universal services for everyone. Some also responded expressing the view that social care should be funded by central government rather than Council Tax payers.

97 **Principle 2 – Investing in children's services – for example recruiting to additional posts to deliver the children's services improvement plan**. There was significant support for investment in Children's services and Children's services improvement – however, some respondents voiced similar concerns to those raised in relation to Principle 1 – that the council should set its budget to provide services for everyone equally and not focus on particular groups. Others felt that the budget was big enough, and that efficiencies should be sought before further recruitment was considered.

98 **Principle 3 – Investing in adult social care to ensure our budgets reflect the anticipated growth in demand and increasing complexity of need for those who require the most help – including ensuring that growing demands and staffing costs are fully funded in the budget.** People recognised that there is not enough money in the system to sustain social care services at current levels. Respondents also cited the challenge of recruiting to adult social care services. However, some were concerned about staffing costs. Other comments questioned who this support was for, reflecting comments made about Principles 1 and 2 about services for all.

99 **Principle 4 – Delivering transformation projects – doing things differently, including better management of grants, fees and charges for services, and focusing on helping people with additional needs to live more independently for longer, helping to put the council on a more sustainable financial footing for the long-term**. There was significant support from many respondents supporting transformation, however, some expressed concerns about the cost of transformation and what is actually deliverable. Some wanted more information in order to form a view. Some respondents, in responding to this and other principles also stated opposition to raising Council Tax.

100 **Principle 5 – Addressing new external costs, such as the increase in National Living Wage which can mean that the services the council commissions from external providers, including many adult social care services, cost more**. Respondents raised concerns about expenditure on external providers and 'unnecessary projects'. Others commented on national government policy in relation to National Insurance and National Living wage.

101 **Principle 6 – Looking for other ways to change services to reduce costs, avoid costs, or increase income**. Respondents put forward a number of views and suggestions for other ways to change services to reduce costs, avoid costs, or increase income. These included improving productivity and efficiency, bringing more services back in house, reducing costs and use of consultants and stopping what were considered projects that do not have "measurable (£) benefits".

102 Respondents were also asked how they get information about Council services and their communications preferences. These responses will inform the communications and engagement approach. Some voiced concerns about the Council's approach to consultation and engagement, with some feeling the Council does not listen to residents.

Consultation with the business community

103 The business planning process consisted of a business community survey, mirroring the main public engagement survey, which closed on 2 February 2025. A verbal update on responses to this survey will be provided at the meeting.

Reasons for Recommendations

104 In accordance with the Budget and Policy Framework Rules of Procedure, Corporate Policy Committee has responsibility to recommend the Medium-Term Financial Strategy to Council for approval.

105 The recommended MTFS should be balanced to support the Council in its statutory duty.

106 The Council's Section 151 Officer report, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, is included within the MTFS and provides commentary on the robustness of the estimates making up the Council Tax Requirement of £307,263,921. This is based on a total 4.99% Band D increase, which includes a 2% precept ringfenced specifically for Adult

Social Care services. Additionally, the report comments on the adequacy of the financial reserves for the Council. The S.25 statement of the Council's S151 Officer is included **Appendix A, Section 2** and Members should have due regard of this report in making their recommendations to Council or giving approval to recommendations at Council.

107 Further to the above statement it can be reported that the Medium-Term Financial Strategy Report 2025/26 to 2028/29 (**Appendix A**) is based on sound financial principles and reflects sufficiently detailed plans that can be implemented in a timely manner.

Other Options Considered

108 The Council has a legal duty to set a balanced annual budget taking regard of the report from the Chief Finance Officer. Options cannot therefore be considered that would breach this duty. Any decision of the Committee must still recognise the requirement for the Council to fulfil this duty.

109 There is no option to "do nothing" to support spending plans for the Council in 2025/26. The Council has statutory obligations to provide certain services, which would be unaffordable based on the latest forecasts if the Council failed to levy an appropriate Council Tax.

110 The Council will continue to explore options to provide financial benefits through efficiencies, enhanced digital services, process reviews and sale, transfer or leasing of surplus assets.

Implications and Comments

Monitoring Officer/Legal

111 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget and require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

112 The provisions of Section 25 of the Local Government Act 2003, require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (S151) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

113 The Council should therefore have robust processes in place so that it can meet statutory requirements and fulfil its fiduciary duty. It must ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans. Local authorities are creatures of statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in

respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.

114 The financial position of the Council must therefore be closely monitored, and Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings or alternative mitigations.

Section 151 Officer/Finance

115 Please see all Sections of this report.

116 The Section 25 Statement of the Section 151 Officer provides information on the process and professional judgement of the Budget 2025/26. This is provided on page 42 of **Appendix A**.

Policy

117 The MTFS report outlines policy and budget proposals which will impact on service delivery arrangements.

118 The Cheshire East Plan will drive and inform Council policy and priorities for service delivery. The priorities and actions listed may have direct policy implications will be considered on a case-by-case basis.

Equality, Diversity and Inclusion

119 Under the Equality Act 2010, decision makers must show "due regard" to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation;

(b) Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and

(c) Foster good relations between those groups.

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

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

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

123 The proposals within the MTFS may include positive and negative impacts for individuals, groups and communities. A separate Equality Impact Assessment

for the budget as a whole is routinely included in the full MTFS report each year (See **Appendix A, Annex 11**).

124 The Cheshire East Plan's vision reinforces the Council's commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

Human Resources

125 A number of the proposals will impact on staff. See **Appendix A, Section 2** for full list of change proposals.

126 Any restructures will follow the Council's established processes and will include consultation and engagement with staff and Trade Unions.

Risk Management

127 The steps outlined in this report mitigate the four main legal and financial risks to the Council's financial management arrangements:

- The Council must set a balanced Budget.
- Setting the Council Tax for 2025/26 must follow a compliant process.
- The Council should provide high quality evidence to support submissions for external assessment.
- That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

128 A risk assessment of the significant proposals being put forward has been carried out by each service and is included as part of the planning process.

129 It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk is embedded within the organisation to ensure the Council can seize opportunities, introduce new, innovative models of service delivery, focus on improving outcomes for residents and review its range of services whilst identifying and controlling any resulting risks. The approach to risk management will continue to be assessed as the Council's plans and financial strategy are implemented.

Rural Communities

130 The Cheshire East Plan, along with the 'Green' aim and supporting priorities will have direct and indirect implications for our rural communities across Cheshire East. These impacts will be considered and reported through individual work programmes as they are developed.

131 The MTFS report provides details of service provision across the borough. See **Appendix A, Section 2**.

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

132 The Cheshire East Plan, along with the 'Fair' aim and supporting priorities will have direct and indirect implications for children and young people and cared for children which will be considered individually and in line with the actions

required. These impacts will be considered and reported through individual work programmes as they are developed.

133 See **Appendix A, Section 2**.

Public Health

134 The Cheshire East Plan, along with the 'Fair' aim and supporting priorities will have direct and indirect implications for public health which will be considered individually and in line with the actions required. These impacts will be considered and reported through individual work programmes as they are developed.

135 See **Appendix A, Section 2**.

Climate Change

136 The Cheshire East Plan has a very strong environmental thread throughout with a specific aim for the Council to be 'Greener'.

137 A number of priorities and activities are listed which will support the Council's commitment of being carbon neutral.

Access to Information	
Contact Officer:	Adele Taylor Interim Executive Director of Resources (Section 151 Officer) adele.taylor@cheshireeast.gov.uk
Appendices:	Appendix A – Medium Term Financial Strategy 2025-2029 Appendix B – Budget Consultation Report
Background Papers:	The following are links to key background documents: Cheshire East Plan 2024/25 Medium-Term Financial Strategy 2024-28 Corporate Policy Committee 21 August 2024 - Approved Transformation Plan First Financial Review 2024/25 Second Financial Review 2024/25 Third Financial Review 2024/25

	Council Tax base 2025/26 Budget Consultation

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Cheshire East Council Medium-Term Financial Strategy 2025-2029 and Budget 2025/26

February 2025

Open, Fair, Green

www.cheshireeast.gov.uk

This document will be available to download on the Cheshire East Council website. It formed part of the 6 February 2025 Corporate Policy Committee Agenda and then went on to be considered as part of the 26 February 2025 Council Agenda.

You can continue to provide feedback on the proposals in this report by speaking to your local Councillor

– visit Find Your Local Councillor on the Cheshire East Council website for contact details.

Contents

Section 1 - Medium Term Financial Strategy

Overview

1.1. The vision for Cheshire East Council is to create a borough that is Open, Fair and Green. The Council provides essential services such as Social Care, Education, Highways, Economic Development and Waste that lead the way in achieving this vision for local people. Council services are funded mostly from Council Tax, with additional contributions from Business Rates and government grants and managing these resources appropriately enables our plans to be sustainable over the medium-term.

1.2. Cheshire East is the third largest Council in the Northwest of England with a population of just over 400,000. Our gross annual spend is around £700m and includes capital spending and costs funded directly from government grants such as Dedicated Schools Grant. Net expenditure reflects spending that is only funded from Council Tax, Business Rates and unring-fenced government grants and is approximately £400m.

1.3. The Council reviews its budgetary position annually and produces a rolling 4-year plan, known as the Medium-Term Financial Strategy (MTFS). This considers the financial climate at both the local and national level together with available resources and budgetary pressures in arriving at a financial strategy and detailed financial position over the medium term. The last MTFS, including a balanced budget for 2024/25 and Council Tax setting was approved at full Council on 27 February 2024.

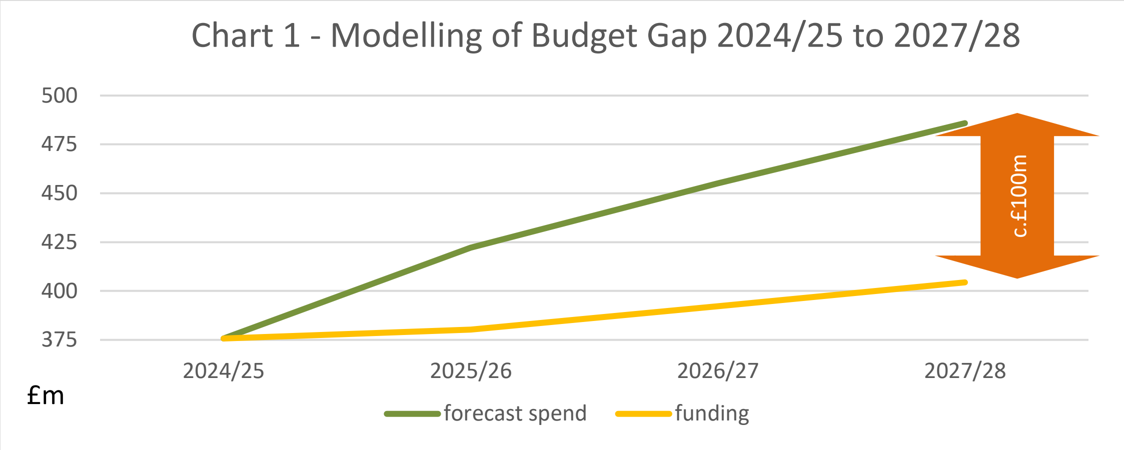
1.4. The Council is facing a significant financial challenge. Like many councils, it is experiencing growth in demand for a number of services, with Children’s Services and Adult social care being some of the most significant impacted by demographic demands as well as the same impact that all businesses are facing with inflationary impacts on the costs of goods and services.

1.5. The position for the Council is more acute than many other councils, due to its historically very low level of reserves. These are barely adequate to cover its current risks and are insufficient to cover future projected funding shortfalls that were identified for 2025/26 and beyond without significant sustainable savings being identified.

1.6. Following another single year financial settlement from central government, there is more uncertainty around future central government funding that adds to the scale of this risk. The 2024/25 budget was balanced by the use of General Fund reserves for the first time and this cannot happen in subsequent years.

1.7. The Council therefore needed to urgently consider the actions to take to ensure the affordability of its services and financial sustainability over the medium term. To deal with revised spending forecasts the Council must increase income from taxation and charges as well as making significant savings right across all services. Although this is an extremely challenging situation, actions taken must also ensure that we consider longer term financial implications and not just a short term savings.

1.8. The previous MTFS position as published in February 2024 estimated a budget gap of c.£100m over the period 2025/26 to 2027/28 (when including the requirement to increase the General Reserves to a minimum level of £20m consistent with a unitary council of our size and complexity).



1.9. “Budget Gap” describes the difference between the funding the Council expected to receive, and the estimated cost of continuing to deliver current services. Put simply, the budget gap results from funding failing to keep pace with demand, inflation, and other financial pressures. The Council must develop a strategy to address the gap to deliver a balanced budget each year as well as have the resources to manage any financial shock.

1.10. During 2024, the Council commissioned the following external reviews and external support to help identify and address the key issues:

- Local Government Association (LGA) Corporate Peer Challenge – a peer challenge was carried out in March 2024 and the report published in June 2024 with a set of 18 recommendations for the Council. A detailed action plan has been produced.
- Decision-making accountability (DMA) review – the Council has also commissioned the LGA to carry out a review of its senior management structure, with a view to establishing a model which promotes clear responsibilities, accountabilities and efficient decision-making.
- Contracting an external transformation partner, Inner Circle, to help the Council to shape a transformation plan to help close the gap.

1.11. There has been a significant programme of works following these reviews to address findings including engagement with an external partner to work alongside officers and Members to identify opportunities to transform the way the Council operates to help improve the Council, address key findings and to assist with closing the gap that was identified in the last MTFS. The Transformation Plan, produced as a result of this work, was approved at Corporate Policy Committee in August 2024 and submitted to central government by the end of August 2024 in line with the requirement as part of the approval of Exceptional Financial Support (EFS), granted in principle, in February 2024.

1.12. Extensive internal work has also been undertaken to challenge budgets and put forward savings and income options alongside the transformation programme recommendations.

1.13. To address in-year pressures, Strategic Finance Management Board introduced weekly meetings, chaired by the Section 151 Officer and has led on a number of key tasks to urgently reduce spend and identify additional savings, including:

- Line-by-line reviews of all budgets to further identify any underspends and/or additional funding;
- Stopping any non-essential spend;
- Actively managing vacancies, particularly agency usage and reduce overspends on staffing as soon as possible;

- Reviewing Section 106 legacy budgets, the effects of which are partly reflected in the FR3 forecast outturn as a one-off contribution to reserves;
- Review of capital receipts available and potential surplus assets that can be sold (for best consideration);
- Identifying any other areas of discretionary spend including grants awarded, where spend can be reduced or stopped;
- Reviewing Debt management / overall level of bad debt provision – work undertaken to date includes an internal review focussing on the Adult Social Care bad debt provision, has identified through adopting a new approach to reviewing and monitoring these debts, an improvement (reduction) of the Council's bad debt provision of £1.07m, further work is ongoing and will be updated at Outturn;
- Reviewing Fees and Charges – work undertaken including benchmarking and new income opportunities by Lyon Consulting working alongside Transformation partners to deliver additional income to the Council – proposals included in the 2025/26 Budget and future years is ongoing;
- Any directorate that is identified as being off target by more than 5% is subject to a detailed finance and performance review on a weekly basis through a financial recovery review process. This process has been put in place for Adults Services and Children and Families and is being chaired by the Section 151 Officer.

1.14. As a result of the work carried out during 2024/25, the updated MTFS position as at February 2025 is summarised in Table 1 below, followed by a summary of the national and local context issues and key expenditure and income assumptions included in the makeup of these projections. It should be noted that as the Council identifies ongoing proposals to address the budget gap, the future years gaps will reduce accordingly.

1.15. Due to the unprecedented financial circumstances that the Council continues to be in it has not been possible to present a fully balanced budget beyond 2025/26.

1.16. An urgent report was received by full Council on 11 December 2024, which was necessitated following a request from the Ministry of Housing, Communities and Local Government (MHCLG) to submit a formal request and supporting evidence for any EFS for future years by 13 December 2024. At the same time, any revisions to previous in-principle decisions also needed to be submitted, for the current year.

1.17. It was agreed at that meeting that the Chief Executive could finalise and submit a request for EFS in the form of an in-principle capitalisation direction for 2024/25 for up to £17.6m, up to £31.4m for 2025/26 and up to £23.7m for 2026/27.

1.18. This MTFS report sets out the detail behind the budget for the financial year 2025/26 for approval, including the projected use of EFS for 2025/26 and the forecast position for the rest of the medium term. It also contains the individual financial strategies around Capital, Investments, Treasury Management and Reserves (see **Annex 4** to **Annex 8**).

Table 1: Summary position for 2025/26 to 2028/29	Revised Budget 2024/25 £m	Estimated Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m	Estimated Net Budget 2027/28 £m	Estimated Net Budget 2028/29 £m
Adults, Health and Integration	138.0	**159.4**	**157.2**	**158.8**	**160.2**
Childrens Services	88.6	**97.3**	**97.2**	**97.0**	**96.8**
Place	92.2	**91.0**	**95.2**	**96.6**	**103.8**
Resources and Chief Executive's Office	41.7	**42.8**	**47.2**	**49.1**	**50.6**
Council Wide Transformation savings	0.0	**-13.5**	**-34.2**	**-45.2**	**-45.2**
Total Service Budgets	360.5	**377.1**	**362.6**	**356.3**	**366.1**
CENTRAL BUDGETS:					
Capital Financing	31.7	**35.0**	**38.8**	**41.9**	**43.2**
Flexible use of Capital Receipts	-1.0	**-1.0**	**-1.0**	**-1.0**	**-1.0**
Bad Debt Provision (change)	-0.1	**-0.1**	**-0.1**	**-0.1**	**-0.1**
Contingency Budget	0.0	**16.0**	**30.9**	**42.8**	**55.7**
Risk Budget	0.0	**0.0**	**3.8**	**2.0**	**0.8**
Pension adjustment	0.0	**-0.7**	**-0.7**	**-0.7**	**-0.7**
Use of (-) / Top up (+) Reserves	-15.4	**1.3**	**5.0**	**8.9**	**8.9**
Total Central Budgets	15.2	**50.5**	**76.6**	**93.7**	**106.8**
TOTAL: SERVICE + CENTRAL BUDGETS	**375.7**	**427.6**	**439.3**	**450.0**	**473.0**
FUNDED BY:					
Council Tax	-287.1	**-307.3**	**-325.6**	**-345.0**	**-365.5**
Business Rate Retention Scheme	-56.6	**-57.1**	**-57.1**	**-57.1**	**-57.1**
Revenue Support Grant	-0.4	**-0.8**	**-0.8**	**-0.8**	**-0.8**
Specific Unring-fenced Grants	-31.6	**-37.1**	**-34.1**	**-34.1**	**-34.1**
TOTAL: FUNDED BY	**-375.7**	**-402.4**	**-417.7**	**-437.0**	**-457.6**
Exceptional Financial Support - Capitalisation Direction		**-25.3**			
Funding Position (+shortfall)	**0.0**	**0.0**	**21.6**	**13.0**	**15.4**

Note – table may not add across/down due to roundings

National Context

1.19. The Council is significantly exposed to the national economic changes. Increasing prices impact the Council's contracts and bills, increasing complexity in demand also contributes to driving up costs. Once the annual budget is set the Council must rely on achieving financial targets or using reserves to manage risks. The Council has limited reserves due to the level of spending required on front line services and as such the national financial challenges are causing significant financial stress on the ability to deliver services without fundamental change.

1.20. Analysis from the Local Government Association (LGA) found that due to inflation and wage pressures alongside cost and demand pressures, English councils face a £2.3 billion funding gap in 2025/26 rising to £3.9 billion in 2026/27. This is a £6.2 billion shortfall across the two years.

1.21. In the UK, CPI inflation peaked at a 40-year high of 11.1% in October 2022; a figure that would have been higher without the energy price guarantee limiting households' annualised energy bills. Inflation has now fallen to 2.9% (December 2024) but the higher costs and prices are now permanently locked into the system.

1.22. Interest rates remain high and the annual Capital Financing Budget had to increase for 2024/25 from £19m to £28.5m to support the increased interest rates and borrowing costs. £4.9m of this increase is required to deal solely with the interest payments attributable to the Dedicated Schools Grant deficit that continues to rise year on year.

Funding

1.23. The Chancellor announced in the Budget on 30 October 2024 that Core Spending Power would increase by 3.2% in real terms (inclusive of assumed average Council Tax increases of 4.8% and taxbase increases of 0.8%), and that this will include an increase of £1.3 billion nationally in grant funding.

1.24. A policy statement was then released in November 2024 which set out further funding information. This was intended to give information ahead of the Local Government Provisional Finance Settlement to help with planning. This resulted in the abolition and reduction of some grants (including the Services Grant) in order to redistribute to other areas (including the new Children's Social Care Preventative Grant and the new Recovery Grant).

1.25. The Provisional Local Government Settlement was then received on 18 December 2024. This resulted in an improvement to the funding envelope when compared to the pre settlement position of £4.5m. This includes a local estimate for the Employers National Insurance grant (£3.0m) that had not been previously included in estimates. This grant sits outside of the specific confirmed funding announcements at this time and the actual grant allocation will be announced as part of the Final Local Government Settlement in February 2025. It will then be included in the Core Spending Power total. It should be noted that the grant is only anticipated to cover around 80% of the estimated additional direct costs (c.£3.7m) and will not cover third party employer national insurance increased costs.

1.26. A new Recovery Grant, allocated using a deprivation index was announced but Cheshire East Council did not receive an allocation from that fund.

1.27. Social Care Grant will increase by £880m, a further £200m higher than was announced in the Policy Statement in November.

1.28. The new Children's Social Care Prevention Grant has been distributed using an interim children's relative needs-based formula. The grant was £250m in the provisional settlement and will be uplifted to £263m in the final settlement.

1.29. New Homes Bonus (NHB) will continue in 2025/26, and there will be no change in the methodology including no future legacy payments. It has been confirmed as the final year that NHB will operate.

1.30. Multiplier freeze cap compensation will be paid to compensate authorities for lost Business Rates income arising from the decision to freeze the small business rating multiplier once again.

1.31. Services Grant has been deleted for 2025/26 onwards and other grants have been rolled into Revenue Support Grant including the Election Integrity Programme New Burden, Extended Rights to Free Transport and the Transparency Code grant.

1.32. Local authorities had already been notified of their Extended Producer Responsibility (EPR) allocations; a national summary of the allocations will not be published. These allocations are not taken into account in the Core Spending Power allocations.

1.33. In terms of Council Tax referendum limits, this was confirmed once again at 2.99% core increase plus an additional 2% Adult Social Care precept for a further year.

1.34. The flexible use of capital receipts will be extended until 2030. Authorities will also be able to capitalise redundancy costs.

Funding Reforms

1.35. The Government also launched its consultation on funding reforms on 18 December 2024 and the consultation will run until 12 February 2025. The Spring Budget will set out further information on funding levels for the sector and additional consultations are due to be published, for example on a reset to the Business Rates Retention Scheme. These will continue during early 2025 in readiness to implement the funding reforms in 2026/27.

1.36. Further funding detail, including specific allocations for Cheshire East Council is set out in Section 1 Key Funding Assumptions and **Annex 3**.

Social Care Reforms

1.37. On 3 January, the government set out reforms to improve adult social care and support the workforce.

1.38. Split over two phases, the commission will set out a vision for adult social care, with recommended measures and a roadmap for delivery.

1.39. The first phase, reporting in 2026, will identify the critical issues facing adult social care and set out recommendations for reform and improvement in the medium term. The second phase, reporting by 2028, will make longer-term recommendations for the transformation of adult social care.

1.40. Separately, the government will shortly publish a new policy framework for the Better Care Fund in 2025 to 2026. The framework has been developed collaboratively between the Department of Health and Social Care (DHSC), NHS England, the Ministry of Housing, Communities and Local Government, and local government and will support local systems to deliver integrated health and social care in a way that supports patients and delivers better outcomes.

Waste Reforms

1.41. In October 2023 reforms to household waste and recycling collections were published through the Simpler Recycling Plan with the aim to boost recycling rates and protect the environment.

1.42. By 31 March 2025 all local authorities will need to collect the required recyclable waste streams: glass; metal; plastic; paper and card; food waste; and garden waste. The government's Simpler Recycling household and business waste collection reforms mandate the collection of a core set of recyclable materials and the collection of food waste on a weekly basis (amongst other proposals).

1.43. The introduction of weekly food waste collections by 31 March 2026 from households (a year earlier for businesses including councils) will require the expansion of the collection fleet and associated resources. The government has allocated some capital funding to councils but the announcement on the value of the new burdens support is awaited. It is likely that the support will not entirely cover the costs.

1.44. The English Resources and Waste Strategy announced that an Extended Producer Responsibility for Packaging would be introduced resulting in payments to councils from the packaging supply chain for the management of packaging that ends up in household waste streams.

1.45. The Council has received notification for its 2025/26 unringfenced allocation which will be paid in instalments from October 2025. A process is in place to notify councils for future years but it should be noted that amounts allocated cannot be precisely forecast and could vary from year to year based on a number of factors (including whether councils are considered to be collecting waste effectively and efficiently).

Dedicated Schools Grant (DSG) "negative" reserve

1.46. The Council holds a reserve to manage DSG balances without impacting on the Council's General Reserves. Growth in the number of pupils with an Education, Health and Care Plan (EHCP) had been reducing the reserve balance and in 2019/20 the reserve moved into a deficit position and became a "negative" reserve. This is a national issue and local authorities were instructed to hold a negative reserve based on a temporary accounting override of accounting treatment approved by MHCLG which means they can be treated as unusable reserves. In December 2022 the override was confirmed for a further three years through to March 2026. The removal of this override would present a significant risk to the financial sustainability of councils and the scale of the deficit already presents a cashflow issue before that point. This specifically impacts on Cheshire East.

Local Context

1.47. Cheshire East Council on the face of it would appear to be better placed than some councils to meet the financial challenges that it faces.

1.48. Strong domestic taxbase growth has seen consistent increases in Council Tax revenue, outside of the percentage increases, and over the last 15 years the taxbase has grown by 23.3% since 2010/11.

1.49. However, Council Tax Band D levels for Cheshire East when compared to nearest statistical neighbouring local authorities is 1.94% lower than the average meaning that for every property in the borough we are collecting less income per house from Council Tax than our comparators.

1.50. Lower reliance on grant means that the impact of government spending reductions has been less than in some other councils over recent years. Revenue Support Grant is almost nil now and the unringfenced grant funding level only makes up 9% of the net funding envelope for 2025/26.

1.51. Therefore any increases in Core Spending Power, as used as a measure of funding increases by the government, means that the local taxbase is likely to be making up the majority of any increase as Council Tax is included in the measure.

1.52. Cheshire East Core Spending Power compared to our statistical nearest neighbours is 5.77% lower than the average meaning we are relatively underfunded by comparison.

1.53. The Cheshire Pension fund is in a positive funding position meaning that future contribution rates on employee costs can be slowly reduced, freeing up more budget to spend on front line services. Assumptions have been built into the MTFS.

1.54. The additional demands on the budget are outweighing any increased funding though, specifically:

- high demand on social care services resulting in budget overspends against forecast levels;
- DSG deficit of £78.6m by 31 March 2024– interest payments on the deficit balance currently c.£4.9m per annum;
- Pay pressure in excess of budgeted levels in 2023/24 and 2024/25;
- low levels of cash balances, meaning relatively low investment income on balances;
- external borrowing increasing (as internal borrowing from excess cash balances erodes) resulting in increased capital financing costs.

1.55. Inflationary pressures can have a significant impact on costs, particularly where these are driven largely by staffing costs, both internally and externally. Whilst we have many contracts in place that can help to mitigate risks around inflation, this can have a significant impact when contracts need to be renewed.

1.56. Interest Rates have a particularly high impact due to the overall level of borrowing for the Council. This impact is exacerbated by the high and increasing level of short-term borrowing, which means that rate rises have an immediate impact on council finances.

1.57. As part of prior years management, a number of vacancies have been held to mitigate over spends. Long-term, there is a significant risk that without this capacity to deliver, the Council will make short term decisions that have unintended financial consequences and can provide a false economy through not being able to deliver savings appropriately. The team may also lack expertise leading to an increased risk of legal or regulatory challenge.

Core Budget Principles

1.58. Cheshire East Council will continue to face considerable financial pressures over the medium term and tight budget and assumption management will be crucial to ensure that future plans, in line with the Transformation Plan, can be achieved in full and on target.

1.59. This section sets out some key principles that the Council needs to continue to follow in the short and medium term to manage the financial uncertainty that it faces.

Principle 1 – build and maintain an adequate level of reserves

1.60. Reserve levels as at the end of the 2023/24 financial year were at historically low levels (£37.9m). The forecast closing balance position for 2024/25 is just £15.2m; of which, the General Fund Reserve is forecast to be only £3.7m instead of the £20m that should be the minimum level held, and Earmarked Reserves (excluding schools balances) are forecast to be £11.5m. This position and rate of reduction over recent years is clearly not sustainable for a further year.

1.61. Adequate reserves balances are required to protect against risks therefore one of the key priorities has to be replenishing reserves to a more sustainable level as a matter of urgency. The target for the General Fund reserve minimum balance is set at £20m. This is based on 5% of funding envelope for 2025/26. For more information see **Annex 8**.

Principle 2 – raise Council Tax in line with the maximum allowable limit

1.62. Council Tax contributes to a large share of the Council's net budget (76%). The Council already faces the need to make further reductions to services and scale back investment. This position will only be made more challenging if it does not increase Council Tax in line with the assumptions in the MTFS.

1.63. The Council should therefore remain committed to increasing Council Tax in line with the maximum limits set by central government including the acceptance, in full, of any further precept flexibilities to increase Council Tax to support Social Care services.

Principle 3 – optimise income generation

1.64. The Council should aim to ensure that its fees and charges are set at levels that are appropriate and proportionate to the costs of the service they are delivering and the market within which they operate. The expectation should be that these will keep pace with inflation, should be appropriately benchmarked with other similar authorities and services, and should be reviewed on an annual basis to ensure that they at least cover the cost of services when appropriate to do so.

Principle 4 – capital investment to maximise return on investment, align to the Council's Cheshire East Plan priorities and its Medium-Term Financial Strategy

1.65. Funding capital investment represents a significant pressure on the revenue budget. It is essential that the Council understands fully the revenue impact of capital investment and the extent to which the investment: -

- meets the Council's policy objectives;
- is self-funding;
- delivers a realistic pay back in the case of invest to save schemes;

- Appropriate external funding routes need to be considered;
- All capital investment should be supported by appropriately detailed business cases with clear measures of return on investments at both a financial and community level.

1.66. In order to reduce the significant pressure on the revenue budget the Council should aim to pay more back to current borrowing commitments in any one year than it adds with new borrowing, so bringing down the overall borrowing burden year on year to a more sustainable level.

1.67. Over time the Council should continue to ensure that it funds more of its ongoing maintenance and equipment replacement from its revenue budget.

Principle 5 – alignment with the Cheshire East Plan aims

1.68. Budget change proposals put forward as part of the usual business planning process, or as part of the transformation programme are assessed against the priority aims as set out in the new Cheshire East Plan 2024/25 as approved at full Council on 17 July 2024 (replacing the former Corporate Plan 2021-2025) to ensure that as far as practical, the council is prioritising budgets in line with the aims of the current aspirations.

Principle 6 – maintain tight financial control of in year budgets and management within budgeted cash envelopes

1.69. The Council has recognised the need to keep tight control of its spending to ensure that the scale of the financial challenge does not worsen even further. During 2024/25 improved and more frequent budget change items monitoring reports to committee meetings have been introduced and this allowed challenge of any spending pressures at an early stage.

1.70. The Council will need to deliver substantial savings to balance the medium-term budget so there needs to be a continued focus on monitoring and control and on delivering planned savings in 2024/25 and beyond in full, or if not, alternative mitigations need to be identified. In addition, any directorate that is identified as being off target by more than 5% is subject to a detailed finance and performance review on a weekly basis through a financial recovery review process. This process has been put in place for Adults Services and Children and Families during 2024/25 and is being chaired by the Section 151 Officer.

Principle 7 – create and maintain central contingency and risk budgets to mitigate against the impact of short term non delivery of savings

1.71. The Finance Sub Committee report from June 2024, set out the aspiration to set aside a central contingency fund and risk against undeliverable savings budget to protect against the risk of underachievement of planned transformation savings and / or unforeseen growth in service budgets.

1.72. The aim is to maintain this annual contingency budget over the medium term at 1.5% of the net revenue budget plus other known risks, e.g. National Living Wage. The Chief Executive and Section 151 Officer must approve any use of the contingency budget with any unapplied funds in any given financial year being transferred into General Fund Reserves or Specific Strategic Reserves at outturn, as set out in the Reserves Strategy (See **Annex 8**) to help bolster the financial resilience of the Council.

1.73. The risk of underachievement of savings targets grows as more and more challenging savings are included in the budget setting scenario. Setting aside a risk budget based on a percentage of the savings identified in any given year is prudent (currently 10%). Any unused risk budget at the end of the financial year will be transferred into General Fund Reserves. A Risk Budget of £3.8m has been introduced from 2026/27 to align with the increased impact of the full year Transformation savings reflected through the MTFS across 2025/26 and 2026/27. Whilst acknowledging that there are also £47.1m of savings reflected through 2025/26 budget, overall affordability of the 2025/26 budget and any risks arising from the 2025/26 in year position will need to be mitigated where possible or considered against the Contingency budget and / or General Fund Reserves.

Key Expenditure Assumptions

1.74. The key financial assumptions over the life of the MTFS have been reviewed and revised where appropriate. Stress testing these is increasingly important in present times given the speed of the economic changes over the last couple of years.

1.75. **Pay**: The assumptions within the MTFS are that the annual pay award will be 2.5% in each of the years 2025/26 to 2028/29 in line with current lower inflation levels. If the actual 2025/26 pay award is greater than the 2.5% included in the MTFS, the in year impact will be met in the first instance from the Contingency budget with future year budgets revised through the next MTFS / Budget for 2026/27 and beyond.

1.76. **National Living Wage**: will increase to £12.21 in April 2025 for workers 21 years and over (an increase of 6.7% on the 2024/25 rate). This could create pressure on our social care budgets.

1.77. **Pension rates** are included for 2025/26 at the latest triennial valuation carried out during 2022, covering the period 1 April 2023 to March 2026. The forecast was for a further reduction for 2025/26 of 1.5% taking the pension payover total to 23.7% for employees in the Local Government Pension Scheme. Future years pension rates are forecast to reduce in line with early estimates for the next triannual valuation. Payover rates are anticipated to drop to 20%/19%/18% respectively for 2026/27 to 2028/29.

1.78. **Debt management –** 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 as at November 2024 was £16.9m, reducing by £1m since the end of September 2024. The total amount of service debt over six months old as at November 2024 is £10.8m; split as £9.3m of Adult Social Care debt and £1.5m of Sundry Debt. A provision of £6.8m was made at year ended 31 March 2024 to cover doubtful debt in the event that it needs to be written off. There is an ongoing review during 2024/25 of the Bad Debt provision which has to date focused on Adult Social Care (ASC) debt, this work has identified a forecast £1m reduction in the provision linked to the ASC debt, reflected in the forecast outturn position for 2024/25 (as at FR3).

1.79. **Inflation:** The Bank of England monetary report (November 2024) has been used to inform the revised MTFS assumptions for our expenditure and income. The report and the following graphs highlight that CPI inflation is close to the 2% target. The current projections are that inflation is likely to rise to around 2.75% over the next year, as household energy prices provide less of a drag on inflation than they have done in recent months. Inflation is expected to fall back to the 2% target after that. Global shocks that keep inflation high cannot be ruled out though, for example, developments in the Middle East could increase inflation by causing oil prices to rise.

Chart 2 – Inflation data

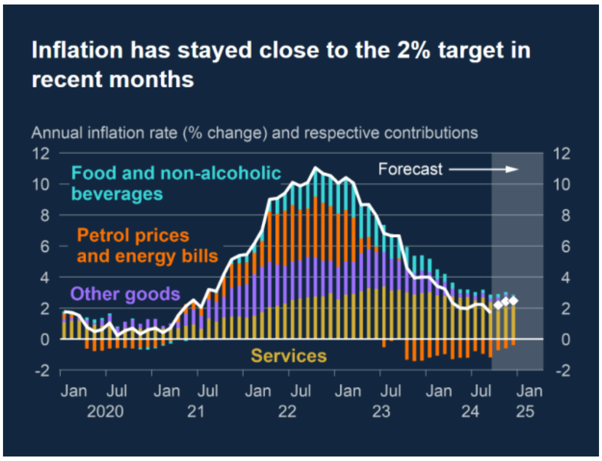


Chart 3 – Inflation projections

Source: Bank of England – November 2024 forecast

1.80. **Energy Costs**: Wholesale energy prices fell in 2024 and further reductions in commodity costs for gas and electricity is forecast in 2025/26, (the overall expectation is 16% reduction on gas and 1% reduction on electricity), although early indications suggest that any significant reductions are likely to be offset by wholesale increases in water charges. The continued adoption of the West Mercia Energy (WME) risk-managed energy procurement contract arrangements resulted in windfall benefit savings of £0.4m to be returned across the whole estate in 2024 and independent analysis suggests that the continued use of this approach will secure the continued benefits of obtaining future competitive public sector energy prices.

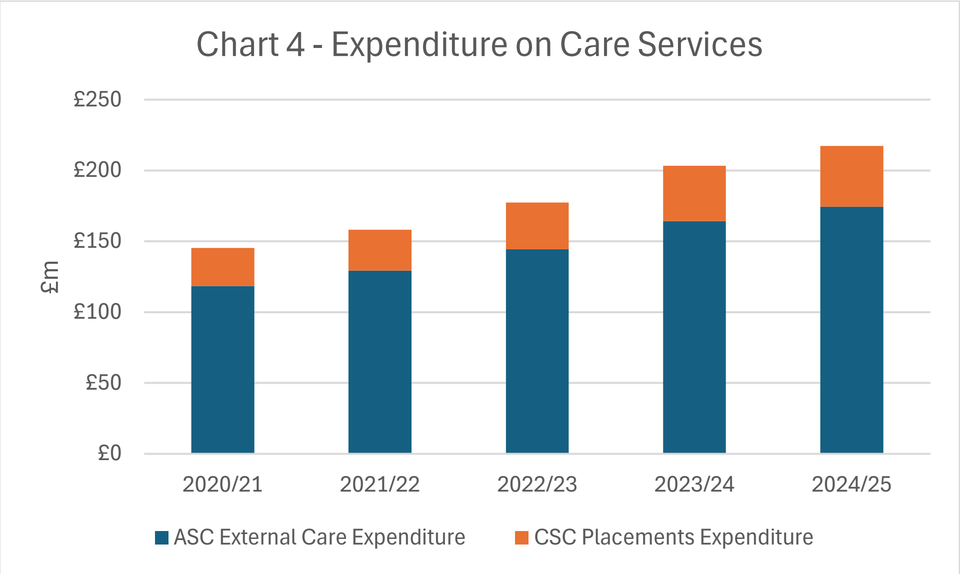
1.81. Additional savings in energy consumption are also forecast, with the reduction of the corporate estate and the continued programme of public sector decarbonisation projects. The closure of the office base Westfields will result in energy and water cost savings of circa £85,000 per annum. Works to decarbonise premises across the estate continues at pace and significant carbon savings and further reductions in gas consumption are forecast, there are consequential increases in electricity consumption, and upgraded power supplies. The introduction of building mounted solar photovoltaic and LED lighting has mitigated the overall impact. 2023/24 consumption fell by 1 GWh to 9.7 GWh and the recent commissioning of further project works will continue to enhance the opportunities for income generation.

1.82. **Contract inflation** The ONS are predicting an inflation increase of approximately 2-3% for the year 2025 which is in line with the BCIS construction price predictions of 3% yearly over the next few years. It remains to be seen, however, if the recent budget will have any further effect on these forecasts. Inflation is still susceptible to labour and material shortages, albeit labour shortages are the current driver. Inflation is also impacted by the geopolitical landscape which remains highly unpredictable. To address contract inflation, the Council has initiated a comprehensive project that focuses on reviewing third-party expenditure. This initiative aims to identify potential efficiencies and explore opportunities for savings within our existing contracts.

1.83. **National Living Wage (NLW)** increases are the main driving factor for the increase in care costs in both Adults and Children's services, with staffing costs making up around 70% of provider rates. Over the last few years large increases in the NLW have resulted in high levels of fee uplifts being requested by providers, and the increase to £12.21 in April 2025 is expected to result in further rate increase requests. The budget includes an assessment of potential cost and is included within the contingency budget.

1.84. **National** Insurance **(NI)** - Alongside the increases in NLW the government has also made changes to National Insurance thresholds and payment for employers for 2025/26, this may put pressure on care providers as they need to cover increasing NI costs.

1.85. Other factors such as demand, market availability, complexity of need, numbers of service users, and the profile of the types of care all have an impact on the overall cost of delivering these statutory services. The overall increasing cost of care over the last few years can be seen in Chart 4 below.



1.86. In order to recognise these factors a central contingency budget has been created in order to mitigate the risks around inflation for the Council. This is alongside growth in the budget for demographic pressures, as well as an adjustment to recognise the existing pressures on the care budget.

1.87. **Interest rates** – forecasts are based on the advice received from our treasury advisors Arlingclose Ltd. Current rates are anticipated to fall to 3.75% by the end of March 2026.

1.88. **New capital schemes** are still subject to review by the Capital Programme Board who will determine which schemes should be recommended to full Council in February 2025. The Capital Programme tables (**Annex 5**, Annex A) currently includes all new proposals at this time.

1.89. **Minimum Revenue Provision** has been calculated based on a change to the accounting policy to bring it more in line with CIPFA guidance. This policy change will take effect in 2024/25 and its impacts have been included in the calculation of the Capital Financing Budget going forward and is also recognised in the Prudential Indicators. (Refer to Capital Strategy - **Annex 5,** Section 3, and Annex C)

Key Funding Assumptions

1.90. Table 2 below outlines the Council's estimated Core Spending Power funding levels in the current year and for 2025/26. Government have not yet set out funding levels for 2026/27 onwards. These funding streams are the items specifically contained with the calculation of the Core Spending Power as announced in the Provisional Local Government Finance Settlement (this is not an exhaustive list of grants, there are other service specific items accounted for directly within service budgets) The majority of funding continues to come from Council Tax and Business Rates, comprising 74% of the total Core Spending Power for 2025/26.

Table 2: Core Funding*	**2024/25 £m**	**2025/26 £m**
Council Tax**	287.1	307.3
Business Rates**	56.6	57.1
Revenue Support Grant	0.4	0.8
Social Care Grant	22.6	29.5
New Homes Bonus	4.1	3.0
Services Grant (ceased for 2025/26)	0.3	-
Children's Social Care Prevention Grant (new)	-	0.8
Improved Better Care Fund	8.7	-
Discharge Fund	2.0	-
Local Authority Better Care Grant (sum of above two)	-	10.7
ASC Sustainability and Improvement Fund (renamed)	6.3	6.3
Domestic Abuse Safe Accommodation Grant (previously outside CSP)	-	0.8
TOTAL CORE SPENDING POWER (adjusted)	**388.1** Note 1	**416.3** Note 2

*Funding items listed as contained within Core Spending Power calculation as part of the Provisional Local Government Finance Settlement (LGFS).
** This figure is made up of Settlement Funding Assessment (Business Rates baseline) plus a proportion of S31 Business Rates compensation grants for reliefs brought in after 2013/14.
Note 1 - Figures differ from the LGFS as MHCLG use their own local estimates for Council Tax for publication purposes.
Note 2 – This figure does not match the 2025/26 Revenue Net funding envelope as some items in the table above are ringfenced specifically for service use therefore are included directly with the relevant service budget.

1.91. Cheshire East core spending power per head is £2,173 for 2025/26. This is 5.9% lower when compared to the average of nearest statistical neighbouring authorities (an average of £2,310 per head for 2025/26).

Council Tax

1.92. Locally collected domestic taxes that are directly retained by the Council will provide 76% of the Council’s net revenue budget in 2025/26.

1.93. The Provisional Finance Settlement confirmed the referendum limit on base increases is 2.99%, with a further 2% flexibility for an Adult Social Care precept. It is proposed that Council Tax is increased by 4.99% (including 2% ring-fenced for Adult Social Care pressures) on the 2024/25 level to give a Band D charge of £1,882.04 for 2025/26.

1.94. Band D Council Tax for 2025/26 is shown in Table 3. The proposed increases over the medium-term are currently 4.99% each year.

Table 3: Band D Council Tax is calculated after grant and Business Rates allocations		2025/26 £m	2025/26 £m
Total Net Revenue Budget 2025/26			402.4
Less:			
Business Rates Retention Scheme	14.2% [1]	-57.1	
Specific Unring-fenced Grants	9.2% [1]	-37.1	
Revenue Support Grant	0.0% [1]	-0.8	-95.1
Amount to be raised from Council Tax	**76.3%** [1]		**307.3**
No. of Band D Equivalent Properties			**163,261.10**
Band D Council Tax			**£1,882.04**

1 Percentage of Net Revenue Budget

1.95. The impact on each Council Tax band and the number of dwellings in each band is shown in Table 4.

Table 4: Dwelling and Band D per band				
Band	**A**	**B**	**C**	**D**
Council Tax £	1,254.69	1,463.81	1,672.92	1,882.04
No of Dwellings*	31,684	39,145	37,349	28,110
Band	**E**	**F**	**G**	**H**
Council Tax £	2,300.27	2,718.50	3,136.73	3,764.08
No of Dwellings*	23,369	15,363	13,070	1,989

*As per Council Tax Base (CTB) data collection return October 2024

1.96. The Council Taxbase quantifies the number of properties from which the Council can collect Council Tax. The taxbase is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a Band D). The level of Council Tax multiplied by the taxbase equals the expected income.

1.97. The gross taxbase for 2025/26 (before making an allowance for non-collection) is calculated as 164,910.20. After taking into account current high collection rates, the non-collection rate has been maintained at 1.00% for 2025/26. This results in a final taxbase of 163,261.10 Band D equivalent domestic properties.

1.98. The taxbase reflects an increase of £5.9m (1.9%) on the 2024/25 budgeted position which is £2.7m higher than the £3.2m (1%) forecast increase reported in February 2024. £1.2m of this improvement relates to the introduction of the new 100% premium chargeable on second furnished homes from April 2025. A further £1m income is also being raised from the introduction of the empty homes premium for properties over 1 year which commenced in April 2024 but had not been included in the taxbase calculation for 2024/25. The Council Taxbase was approved by full Council on 11 December 2024.

1.99. Cheshire East has a relatively high Council Taxbase compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the

Cheshire East area (16.0% in Cheshire East compared to the England average of 9.3% as per Council Taxbase: Local Authority Level Data 2024 (MHCLG).

1.100. In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for two years or more to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.

1.101. Additional flexibilities were introduced in subsequent Government budgets and Cheshire East now charges the following premiums for empty properties:

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

1.102. The Government's Levelling Up and Regeneration Bill received royal ascent on 26 October 2023 and included a further discretionary option for the application of Council Tax premiums on furnished second homes subject to a 12 month notice period. This was approved as part of the MTFS 2023-2027 in February 2023 subject to the passing of the Bill. Therefore, the introduction of the 100% premium on furnished second homes will come into effect on 1 April 2025. The additional income due to be raised from the introduction of this premium (subject to some exclusions to the premium) is estimated to be £1.2m and has been included in the calculation of the taxbase for 2025/26.

1.103. From 1 April 2013 the Council Tax benefit system was replaced by a local Council Tax support scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants remain unaffected by this change.

1.104. The taxbase also reflects assumptions around Council Tax Support (CTS) payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and was amended again for 2022/23 to make the scheme more supportive in the light of funding being provided by central government (£3.3m) to be able to assist the pandemic recovery.

1.105. The funding for this Local Council Tax Support grant was received in 2020/21 and was transferred to the Collection Fund Earmarked reserve. The funding has been used over the last four years to support the revenue budget to compensate for supressed Council Tax levels as a result of higher Council Tax Support payments. This funding has now been used in full and no further funding has been made available.

1.106. No changes are proposed to the Council Tax Support scheme for 2025/26 other than to increase the income bands and non-dependant deductions in line with CPI. This continues the higher levels of support for those on the lowest income. The scheme will be reviewed again during 2025/26.

1.107. The budget for CTS for 2025/26, included within the taxbase calculation, is £21.6m. This will be reviewed in future years to ensure the budget remains aligned with changing need.

Business Rates Retention Scheme (BRRS)

1.108. Locally collected non-domestic taxes, that are directly retained by the Council, will support approximately 14% of the Council's net revenue budget in 2025/26.

1.109. For scale, the Council anticipated collection of approximately £155m (before accounting adjustments) in Business Rates in 2024/25 and was based on the Council's NNDR1 return to Central Government on 31 January 2024.

1.110. Under the BRRS arrangements, 50% of the net rates collected is paid to Government with 49% being retained specifically to support Cheshire East Council services. 1% is paid to the Fire Authority. In addition to this reduction a tariff of £29m must be paid to Government which is used to top-up funding allocations to other local authorities.

1.111. From 2021/22, growth forecasts in Business Rates have been paused due to the overall reduction in the taxbase and uncertainty around growth in future years, in part, due to the residual effects of the Covid-19 pandemic, the current economic forecasts and the potential for a full review of the approach towards Business Rates retention approach by Central Government.

1.112. In October 2023, the Non-Domestic Rating Act 2023 was passed to allow Government to de-couple the business rate multipliers, giving ministers the power to increase the small and standard multipliers by different amounts. For 2025/26, the Government has announced that the Small Business Rate Multiplier will remain frozen again at 49.9p in the pound, but the Standard Business Rate Multiplier will increase in-line with CPI from 54.6p to 55.5p in the pound. This change is intended to increase the annual yield from Business Rates, whilst at the same time protecting smaller businesses.

1.113. Despite the increase in the Standard Multiplier Rate, a large compensation payment will be made to Local Government to mitigate the losses between what the Small Multiplier was capped at compared to September 2024 inflation.

1.114. Since the baseline funding level for Business Rates retention was set back in 2013/14, there have been many policy changes around reliefs for different business types. With each policy change, all local authorities are compensated for their share of Business Rates foregone.

1.115. In 2025/26, £10.6m of this compensation has been included within the Business Rates budget with the remaining compensation being credited to the Collection Fund Earmarked Reserve to continue to support any future risks around business rate funding and cover levy payments on growth (c.£5m per annum) and any deficit positions in the Collection Fund.

1.116. The total Business Rates budget is set to increase from £56.6m in 2024/25 to £57.1m for 2025/26 as a result of the inflation applied to the Settlement Funding Assessment allocations as announced in the Provisional Local Government Settlement.

Collection fund

1.117. Receipts from Council Taxpayers and businesses are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, Central Government and local Town and Parish Councils).

1.118. A predicted surplus in the Collection Fund can be drawn down to support revenue funding for the following annual budget, and vice versa in the case of a deficit. This can happen if actual changes in the taxbase vary from the predicted changes, or if collection rates vary from the original forecasts.

1.119. The Council Tax collection fund has been forecast to be a £0.073m cumulative surplus as at 31 March 2025. The Cheshire East share of this surplus is £0.061m. This will be payable in 2025/26 and will be managed through the Collection Fund earmarked reserve.

1.120. The Business Rates Collection Fund has been forecast to be a £2.050m cumulative deficit at 31 March 2025. The Cheshire East share of this deficit is £1.004m. This is to be repaid in 2025/26 and will be managed through the Collection Fund earmarked reserve.

Grants

1.121. The detailed funding settlement from Government impacts on longer term financial planning. Key dates for 2025/26 include:

- The Autumn Statement on 30 October 2024.
- The release of the Provisional Settlement on 18 December 2024 confirming the allocation of grants, approach to Council Tax and confirmation of Business Rates baselines.
- Final Settlement announced early February 2025

1.122. These have set out changes to general funding levels – including confirming increases in Social Care grants, and one more year of New Homes Bonus funding. Further details are included at **Annex 3**.

1.123. The Government Grants provided to local authorities can be categorised under several main headings for 2025/26:

- Revenue Support Grant (£0.8m)
- Specific Grants (unring-fenced revenue) (£37.1m)
- Specific Grants (ring-fenced revenue) (£359.1m)
- Capital Grants (main programme) (£99.1m)

1.124. More detail is provided on each of these elements below.

Revenue Support Grant

1.125. Various grants are being rolled into Revenue Support Grant (RSG) in 2025/26 (there will be no change in distributions):

- Electoral Integrity Programme New Burdens grant (worth £4.6m nationally)
- Tenant Satisfaction Measures New Burdens grant (£3.9m nationally)
- Transparency Code New Burdens grant (£3.6m nationally)

1.126. For Cheshire East this has resulting in an increase of RSG from £414,000 in 2024/25 to £849,000 in 2025/26.

Unringfenced Specific Grants

1.127. Separate unring-fenced Specific Grants have been largely retained and increased in some areas and total £37.1m in 2025/26. The detail is shown in **Annex 3** and summarised in Table 5 below. The table shows the original grant budget for 2024/25 and **Annex 3** shows the in-year position including grant received after the budget was set.

1.128. The Provisional Local Government Finance Settlement (December 2024) included unring-fenced funding for 2025/26 totalling £29.5m for Cheshire East social care. This is a national overall increase of £880m compared to 2024/25 and is £200m more than the £680m increase for this grant announced by Government in the policy statement on 28 November 2024.

1.129. The Government also announced £250m of new funding into a new Children's Social Care Prevention Grant. It is being distributed "using a children's needs-based formula, which will allocate funding according to estimated need for children's social care services. Alongside the interim formula, the variation in the cost of delivering services and the ability of local authorities to raise resources locally has also been taken into account to determine the grant allocations". For Cheshire East, this grant is £0.8m for 2025/26.

1.130. The 2025/26 allocation of NHB is again to be paid for one year only (£3.0m) which extends the last few years single year allocations. Legacy payments have now been phased out.

1.131. Services Grant is being repurposed and therefore has been reduced from £0.3m in 2024/25 to nil for 2025/26.

1.132. The government has announced an additional £515m for local authorities, in compensation of National Insurance Contributions as part of the 2025/26 local government finance settlement. The NICs grant will form part of Core Spending Power at the final settlement only therefore the grant allocation for 2025/26 of £3.0m is currently an estimate. The allocation is based on the assumption that MHCLG wants to provide the funding to local authorities based on their share of total expenditure (both direct cost and third-party costs).

1.133. Full details are set out in **Annex 3**.

Table 5: Grant levels are increasing	2024/25 £m	2025/26 £m	1 yr Change £m	1 yr Change %
Social Care Grants	-25.6	-29.5	-3.9	
New Homes Bonus	-4.1	-3.0	+1.1	
Employers National Insurance Grant (estimate)	-	-3.0	-3.0	
Other Grants	-1.9	-1.6	+0.3	
Total Unringfenced Specific Grants	**-31.6**	**-37.1**	**-5.5**	**17.4%**

Ringfenced Specific Grants

Dedicated Schools Grant (DSG)

1.134. The Government announced the allocations of DSG for 2025/26 on 18 December 2024. DSG is a ring-fenced grant provided to the Council to meet certain educational costs.

1.135. Under the National Funding Formula (NFF) arrangements DSG is allocated in four funding blocks, namely the Schools Block, Early Years Block, High Needs Block and Central Schools Services Block.

1.136. The Schools Block allocation to the Council is based on the schools' block NFF. This takes October 2024 pupil data and provides a basic per pupil amount plus additional funding for issues such as deprivation and low attainment. The NFF also applies a minimum per pupil level of funding of £4,955 Primary and £6,465 Secondary in 2025/26. Those values must be used in local formula.

1.137. Local authorities provide funding to schools through a local formula for 2025/26. The Schools' Forum have agreed that a local formula using the NFF values, allocating any additional funding via the basic entitlement and applying a minimum funding guarantee of -0.5% should be submitted for consideration at the 10 February 2025 Children and Families Committee.

1.138. For 2025/26 the Schools' Forum has agreed to a transfer of 0.5% from the Schools Block to High Needs. However, the Council has applied to the DfE to support a higher transfer of 0.7% to match the DSG Management Plan. The reduced funding to be allocated across pupil based criteria where the formula permits due to mirroring existing NFF factors.

1.139. Subject to Children and Families Committee approval that formula will be used to allocate funding to schools for 2025/26. The per pupil figures in Table 6 assume that the formula is approved.

1.140. For 2025/26, the supplementary funding issued to schools in the prior year has been rolled into the baseline DSG grant.

1.141. The Early Years Block mainly comprises:

- Funding for the universal 15-hour entitlement for all three- and four-year-olds.
- Funding for the additional 15 hours for three- and four-year-old children of eligible working parents.
- Funding for the 15-hour entitlement for families of 2-year-olds receiving additional support.
- Funding for the 15-hour entitlement for eligible working parents of two-year-old children (due to be extended to 30 hours from 1 September 2025).
- Funding for 9-to-23-month-old children for eligible working parents to access 15 hours (due to be extended to 30 hours from 1 September 2025).
- Funding for the Disability Access Fund for eligible children accessing the early years entitlements.
- Funding for the Early Years pupil premium for eligible children and looked after children accessing the early years entitlements

1.142. The early years block has increase significantly in 2025/26 due to the extended hours from September 2025 for 2-year-old and entitlements from 15 hours to 30 hours of free childcare for eligible children.

1.143. The High Needs Block is a single block for local authorities' high needs pupils / students aged 0-24. The block includes place funding for pre-16 and post-16 places in appropriate establishments such as mainstream schools, special schools, and the pupil referral unit. The block includes top-up funding for pupils and students occupying places in such settings.

1.144. The high needs block is calculated through the high needs NFF. This is made up of a range of factors and weightings including:

- A basic entitlement
- A historic spend factor
- A population factor
- Measures relating to low attainment and deprivation
- A funding floor
- An area cost adjustment

1.145. The Central Schools Services Block is based on a NFF that includes:

- Historic commitments.
- Ongoing responsibilities.

- An area cost adjustment.

1.146. The historic commitments element of the central block has been subject to a further 20% reduction by the DfE for 2025/26. The Council has approved a growth bid to replace the lost funding where those services cannot be reduced in line with the DfE's reduction. The main issue within the historic commitments is prudential borrowing costs.

1.147. Table 6 shows the DSG received for 2024/25, the indicative DSG for 2025/26, and per pupil funding levels. (This excludes the adjustment for Academy recoupment).

1.148. All the schools block funding is passported directly through to schools.

Table 6: Dedicated Schools Grant is allocated in four notional blocks in 2025/26	Actual 2024/25 £m	Provisional 2025/26 £m	Change £m	Change %
Total Dedicated Schools Grant	**389.7**	**437.9**	**48.2**	**12.4**
Comprising:				
Schools Block	285.6	307.4	21.8	**7.6**
Central School Services Block	2.4	2.5	0.1	**4.2**
Early Years Block	43.2	64.6	21.4	**49.5**
High Needs Block	58.5	63.4	4.9	**8.4**
Per Pupil Funding	**£ / pupil 2024/25**	**£ / pupil 2025/26**		
Dedicated Schools Grant:				
Schools Block				
Primary	4,923	5,313		
Secondary	6,275	6,794		
Central Schools Block (ongoing responsibilities)	38.18	42.29		
Early Years Block 3 and 4 hourly rate – minimum rate – maximum rate	5.06 5.80	5.28 6.33		
2-Year-old hourly rate disadvantage children including Early Years Pupil Premium	7.79	8.35		
2-Year-old hourly rate working parents	7.11	7.35		
9 – 23-month hourly rate	9.65	10.95		

Notes:

- These figures are before the academy recoupment and before any High Needs deductions.

- Figures are prior to de-delegation and assumes Growth Funding is removed.

- The calculation of the primary and secondary split for 2025/26 uses census data at this stage rather than the DfE model which was not available at the time of writing.

- The above figures include the early years supplement. There have been no announcements yet on high needs and schools supplements.

Dedicated Schools Grant (DSG) - Academy Funding

1.149. The Department for Education are clear that becoming an academy should not bring about a financial advantage or disadvantage to a school but rather, enable academies to have greater freedom over how they use their budgets.

1.150. The Schools Block funding receivable for the 96 academies which opened before or during 2024/25 has not been removed from the total DSG award to be received (as reflected in Table 6). The funding for these academies of approximately £203m (based on 2024/25 funding) will be deducted from the Authority's DSG as part of the academy recoupment process (see **Annex 3**).

DSG Reserve Forecasts

1.151. The Council holds a reserve to manage DSG balances without impacting on the Council's General Reserves. Growth in the number of pupils with an Education, Health and Care Plan (EHCP) had been reducing the reserve balance and in 2019/20 the reserve moved into a deficit position and became a negative reserve.

1.152. This is a national issue and local authorities are allowed to hold a negative reserve based on a temporary accounting override of accounting treatment approved by Ministry of Housing, Communities and Local Government (MHCLG) (formerly Department of Levelling Up, Housing and Communities at the time of approval) which means they can be treated as unusable reserves.

1.153. In December 2022 the override was confirmed for a further three years through to March 2026. The removal of this override would present a significant risk to the financial sustainability of councils and the scale of the deficit already presents a cashflow issue before that point.

1.154. The estimated impact on the Council's revenue costs, from interest linked to the forecast DSG deficit balance, is that the cost of interest in 2024/25 will be around £4.9m, rising to over £5.6m in 2025/26. This cost will increase annually if the DSG deficit continues to increase.

1.155. These pressures, due to the difference between the level of High Needs funding received and the cost to deliver High Needs support, have continued and are forecast to extend the overall deficit in each financial year in the current DSG Management Plan. Current forecasts suggest the reserve will continue to be in an increasing deficit in the medium-term.

1.156. The Council's DSG Management Plan which sets out the forecasts of spend is approved annually by the Children and Families Committee. The Council continues to work with the DfE but currently have not been accepted to join the Safety Valve program.

1.157. The DSG management plan was approved at Children and Families Committee on 29 April 2024 and further updates are regularly provided throughout the year. The latest forecast that the cumulative DSG deficit override would increase to £209.6m by the end of 2027/28 as a mitigated position which would result in estimated annual interest costs to maintain a deficit balance to be around £7.4m based on an interest rate of 3.75%.

1.158. Table 7 summarises the DSG reserve position for 2024/25. This position is unaffordable and unsustainable. The Council is not in a position to budget for removal of the accounting override which could require the deficit being met from other general funds or useable reserves. This risk will therefore continue to be a feature of ongoing liaison with MHCLG, as well as with the DfE through the Safety Valve program.

Table 7 - Dedicated Schools Grant Reserve is negative	**2024/25 £m**
Brought Forward Position	-78.6
In-Year Forecast Overspend for High Needs	-37.1
Predicted Cumulative Carry Forward	**-115.7**

Sixth Form Funding

1.159. Total sixth form funding of £2.8m is receivable for maintained schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known). In 2024/25 a balance of £85.1m was allocated directly to academies by the Education and Skills Funding Agency. The allocation for 2025/26 is not yet known.

Pupil Premium Grant

1.160. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2024/25 are £1,480 for primary aged pupils and £1,050 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £2,570 and children whose parents are in the armed forces will attract £340 per annum for 2024/25. It is estimated that Cheshire East Council will receive £5.0m in relation to the Pupil Premium for 2025/26.

Physical Education Grant

1.161. The Council expects to receive £1m for 2025/26. This is an estimate after any reduction for academies.

Universal Infant Free School Meals (UIFSM)

1.162. The Council expects to receive £1.8m for 2025/26. This is an estimate for maintained schools. The figure is normally based on a set amount per eligible pupil. The grant is paid directly to local authorities or academies. The Council will comply with the requirement to pass on the grant to maintained schools in full.

Public Health Grant

1.163. Public Health responsibilities cover a wide range of services including sexual health services; children's 0-19 services; NHS health check programmes; substance misuse services, infection control and One You services.

1.164. Public Health grant has been ring-fenced from 2013 and will continue to be so during 2025/26 to ensure expenditure is incurred in line with the public health framework.

1.165. Allocations for 2025/26 are yet to be announced at the time of writing. For 2025/26 the estimate of the grant has been maintained at £18.3m.

Household Support Fund

1.166. The Household Support Fund is distributed by councils through small payments to support vulnerable households to meet daily needs such as food, clothing, and utilities. The allocation for 2025/26 has not yet been published but is expected in the region of £4m.

Holiday Activity Fund

1.167. Allocations for 2025/26 holiday activity fund have not been announced but it is anticipated that funding will continue at a similar level to previous years at £0.9m.

Children and Families Grant

1.168. This is a new grant and brings together the funding from six existing grants: Supporting Families; Leaving Care Allowance Uplift Implementation; Supported Accommodation;

Staying Put Implementation; Extended Personal Adviser Duty; and Extension of the role of Virtual School Heads. The allocation for 2025/26 is £2.1m.

Children's Social Care Prevention Grant

1.169. This is a new grant for 2025/26 and will be used to rollout mandatory Family Group Decision Making. The allocation for 2025/26 is £0.8m.

Asylum Seekers

1.170. The asylum seekers grant is received in respect to the cost of supporting unaccompanied asylum-seeking children. The grant is based on claims for the number of children so the amount varies. The estimated value for 2025/26 is £2.8m.

Skills & Lifelong Learning

1.171. Allocations for 2025/26 post 18 education have not yet been announced. Based on previous years it is expected to be about £0.9m.

Extended Producer Responsibility Payment

1.172. The first set of announcements regarding the Extended Producer Responsibility payment were released on 28 November 2024. These have set out a figure of £7.5m for 2025/26 and enabled initial estimates to be added to each year of the MTFS. These take account of expected changes to tonnages and the impact of the carbon tax in later years.

Shared Prosperity Grant

1.173. A 2025/26 transition year allocation of the UK Shared Prosperity Fund has been announced as £3.8m for Cheshire East (Capital: £0.7m reported elsewhere, Revenue: £3.1m). The funding is designed to meet local needs and support government priorities, particularly kickstarting economic growth. The funding will provide a transition to a new, future funding framework. Up to 4% of the allocation can, by default, be used to undertake necessary Fund administration. Funding for 2025/26 can be used to support investment in activities from 1 April 2025 to 31 March 2026, including continuations of existing activity where appropriate.

Homelessness Prevention Grant

1.174. In December 2024 the MHCLG announced the allocation of £633.24m in national funding through the Homelessness Prevention Grant that will be made available to local authorities in 2025/26 to deliver services to prevent and respond to homelessness.

1.175. Cash allocations from 2024/25 to all local authorities (£440.36m in total) are being rolled over. This includes £331.3m core funding, alongside £109.1m which was provided as a top up to account for homelessness pressures, including those from Ukraine households. This means all local authorities will receive at least the same amount of funding in 2025/26 as they did in 2024/25.

1.176. Cheshire East is due to receive £1.5m for 2025/26.

Bus Service Improvement Plan – Phase 3

1.177. The DfT have released funding allocations for local transport authorities to provide bus service improvements throughout England, excluding London. The funding for 2025 to 2026 comprises:

- £670m to enable Local Transport Authorities to deliver their bus service improvement plans (BSIPs).

- £285m for the Bus Services Operators Grant (BSOG) to protect existing services and support service delivery.
- £151m to continue the National Bus Fare Cap at £3, beginning in January 2025 through to 31 December 2025.

1.178. Cheshire East Council has been awarded £2.9m from Bus Service Improvement revenue funding.

Use of flexible capital receipts

1.179. The proposals within the Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

1.180. The Spending Review in 2015 included a relaxation to the capital regulations by allowing council's to use their capital receipts (income from the sale of assets) for a limited period initially from 2016/17 to 2018/19 to fund revenue expenditure that is designed to transform service delivery and reduce revenue costs. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations apply has now been extended to the year 2030.

1.181. The current guidance states that qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and / or transform service delivery to reduce costs and / or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. The local authority must decide for itself whether a project qualifies for flexibility.

1.182. Local authorities cannot borrow to finance the revenue costs of the service reforms.

1.183. The type of expenditure that will be allowed under the flexibility are the up-front set up and implementation costs that will generate the future ongoing revenue savings and / or service transformation to reduce revenue costs and improve service delivery.

1.184. In allowing the Council to use this flexibility, the Council must have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of practice – See **Annex 5,** Annex D.

1.185. The Council had several projects that had been identified in 2024/25 that fitted the criteria prescribed in the guidance for transforming and or improving service delivery that will reduce revenue costs by producing efficiency savings for the Council.

1.186. The original amount approved as part of the 2024-28 Medium-Term Financial Strategy was £1m, however since then a further £0.518m of transformational expenditure has been identified. The additional amount is included as a recommendation for approval in the MTFS covering report. The table below details the list of projects and the value of capital receipt to be utilised.

Table 8 **Project Name**	**List of projects funded by flexible capital receipts** **Project Description and Progress**	**Expenditure** **2023/24 £000s**	**Expenditure** **2024/25 £000s**
Adults	Impower - external consultancy engaged to transform Adults services.	420	0
Adults	Extra Care Housing, policy development.	115	0

Table 8 Project Name	List of projects funded by flexible capital receipts Project Description and Progress	Expenditure 2023/24 £000s	Expenditure 2024/25 £000s
Adults	Alternative Futures Group review team - transform approach to Supported Living care support.	100	0
Adults	Care Cubed - digital approach to agreeing packages of care.	35	0
School Transport Transformation Programme	Review of the home-to-school transport (including SEND) in light of increasing costs and SEND demand. This follows the service being brought back in-house from 1 April 2022.	521	200
Children & Families Service Transformation	To increase the levels of staff within Children's Social Care - Create a "Grow Your Own" policy so that it enables the Council to retain more qualified staff and Joint Targeted Area Inspection Improvement.	550	0
New Residential Childrens Home	To bring residential care in-house by setting up and running our own care homes.	56	0
Catering Services Review	Review of provision of catering services to schools, including current offer and alternative options to run the service.	9	0
Childrens	Placements transformation.	30	0
Project Management Office (PMO)	To identify time spent within the PMO on supporting transformational projects across CEC. Based on estimates at FR2 and will be refined. Examples include: digital processes; customer experience; cleaner Crewe, green waste and Adults transformation.	200	0
ICT	New Delivery operating model and further digital investment for Customers.	316	802
Estates Service Review	To enable a review of the Estates service and the optimisation of our property assets, as well as promoting key efficiencies in our Facilities Management programmes. In year objectives include responding to the MEES energy efficiency regulations and implementing improvement to the property information and management system.	20	0
Leisure Services Review	Wholesale review of how leisure services are commissioned by the Council with its appointed provider, aligned to key public health outcomes and in the context of escalating corporate landlord and other costs associated with subsiding the service.	22	0
Library Services Review	Redesign of existing service including reduction of opening hours with the associated changes to staff contracts. This is together with implementation of a commercial strategy to generate new and increased income by utilising the library estate to make the service more financially sustainable.	247	41
Household Waste Recycling Centre Review	Review and implementation of changes to Household Waste Recycling Centre service provision across the borough to ensure that service meets statutory guidance levels.	134	358
Green Spaces Review	New policy and associated maintenance schedules implemented leading to significant rationalisation and standardisation of maintenance regimes to Council owned green spaces.	43	32

Table 8 Project Name	List of projects funded by flexible capital receipts Project Description and Progress	Expenditure 2023/24 £000s	Expenditure 2024/25 £000s
Green Waste Review	Garden Waste Subscription implementation generating an income to the Council to offset direct costs of operating this service - including investment in new systems and significant changes to frontline operational services rolled out and charge implemented from the 15 January 2024.	83	0
ASDV Review	Review of two of the Council's wholly owned companies to ensure that they are achieving the objectives set out in their original and latest business plans i.e. generating a commercial return to the Council to offset its own increasing direct operating costs.	35	35
Planning Review	Improve the planning application process with better lead times and to ensure that the service is adequately staffed where support, training and development opportunities are provided too.	119	0
Community Enforcement New ICT System	To enable service transformation by the introduction of a bespoke IT case management system. This will enable the team to realise key service efficiencies around the back-office functions hence allowing a greater amount of staff time to be spent out on site undertaking key aspects of the enforcement function.	25	0
Transformation of CCTV Service	Full system upgrade to digital wireless to meet technological and security advances, deliver financial savings over time through efficiencies in the delivery of the service, compliance with standards, improved public safety and evidence for enforcement/partners.	67	0
Parking Services Review	To support delivery of changes for car parking that revise operational arrangements and tariffs to provide greater transparency and equity across the borough.	267	50
Total		**3,414**	**1,518**

1.187. As it is the Council's policy not to rely on capital receipts until they are realised, these capital receipts have not been factored into the Council's Capital Financing Requirement (CFR) by way of reducing debt or financing capital expenditure. Consequently, the use of the receipts under this flexibility will have no effect on the Council's Prudential Indicators.

Charges to Local Service Users

1.188. In certain circumstances the Council makes direct charges for access to services. Some prices will be set nationally but prices should always be related to recovering the Council's costs in delivering discretionary services.

1.189. Charges for services represent c.11% of total gross income to Cheshire East Council and the prices are reviewed at least annually. This income is netted off the cost of services before Council Tax levels are calculated.

1.190. The Cheshire East Council pricing structure has over 1,000 different charges. The overall objective is to reduce subsidy from taxation in charged for services. This means some price rises may exceed inflation in the medium-term. In such cases users are consulted and alternative service options are discussed.

1.191. To assist officers and Members to recover full cost, the Council has a Charging and Trading Strategy to provide the relevant guidance to be applied. Lists of fees and charges are available as appropriate on the Council's website.

1.192. Service managers are responsible for reviewing the Charging and Trading Strategies for their particular services, optimising income levels for the Council whilst recognising the cost impacts on service users. As part of the Transformation Programme this year, external consultants have also undertaken a benchmarking exercise against other local authorities resulting in a number of proposals being included in the 2025/26 budget and future years of the MTFS (See Section 2, Fees & Charges proposal (55)).

Transformation Programme

1.193. In the Section 25 report of the MTFS approved by the Council for 2024/25, the Section 151 Officer stated: The Council must transform to create sustainable services and support infrastructure projects that reflect 'whole life' costs. This must cover the medium to long term and be backed by reserves that can manage any emerging risks. It is highly likely that the Council will require additional capacity to manage this programme, in a way that is yet to be determined, but it will inevitably require additional funding, which will need to be met from within existing resource.

1.194. The Council received confirmation from MHCLG that they were minded to approve the Council's request for Exceptional Financial Support. However, there are several conditions that will need to be met prior to formal approval, in summary the Council must:

(a) Undergo an external assurance review on the Council's financial position and financial management policies, and the Council's work to improve its productivity and efficiency.

(b) Produce an improvement and transformation programme within six months (27 August 2024) that is focused on delivering the Council's key objectives and securing the medium-term financial position.

(c) The programme should incorporate any recommendations identified as part of the external review.

1.195. In August 2024, the Corporate Policy Committee considered the Council's Transformation Plan that required submission to the Ministry of Housing, Communities and Local Government (MHCLG) by no later than 27 August 2024, being a formal requirement in order for the Council to access conditional Exceptional Financial Support.

1.196. This Transformation Plan links closely with other improvement work, particularly in Children's services where the Council must respond to the external inspection and the need to improve outcomes for our children and young people. This Transformation programme includes investment across all service areas but is also aligned with the improvement plan following our ILACS (Inspection of Local Authority Children's Services) inspection.

1.197. As stated in previous reports, the Council must transform the way it delivers its services. The reality is that the organisation needs to spend £100m less by 2028.

1.198. To achieve this a robust and deliverable transformation plan working with Inner Circle has been established. The Transformation Plan will support the delivery of approved / proposed savings, cost avoidance, cost mitigation and identify new savings for the coming years.

1.199. There are six programmes within the plan, each containing a range of projects and other initiatives across:

(a) Workforce

(b) Social Care

(c) Place

(d) Early Intervention and Prevention

(e) Digital

(f) Special Projects

1.200. The revenue and capital implications for growth, investment and savings associated with the above initiatives have been reflected in this MTFS 2025/26 – 2028/29.

1.201. The approved Transformation Plan can be accessed here: https://moderngov.cheshireeast.gov.uk/ecminutes/documents/s119439/CPC%20Transformation%20Plan%20V%200.01%20003.pdf

Summary of Budget Change Proposals

1.202. Table 9 below presents a list of changes to the Council's 2024/25 budget, and then further estimated changes through to the 2028/29 financial year. The list shows the proposals related to each of the Council's committees, which ensures ongoing transparency for monitoring and reporting of progress against each proposal. These items are described in more detail in Section 2. Figures represent the change in base budget in each financial year compared to the previous year.

1.203. Summary table of budget change proposals:

Table 9: Summary of Proposed Budget Changes – Committee Budgets	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**
Adults and Health Committee	+21.494	-2.204	+1.516	+1.480
Children and Families Committee	+8.659	-0.064	-0.201	-0.258
Corporate Policy Committee	+1.078	+4.396	+1.890	+1.485
Corporate Policy Committee - Council-wide Transformation	-13.452	-20.730	-11.030	-
Economy and Growth Committee	+0.534	+0.695	+0.432	+0.328
Environment and Communities Committee	-2.741	+3.269	+0.982	+6.792
Highways and Transport Committee	+1.061	+0.152	+0.068	+0.030
Total Proposed Service Budget Change	**+16.633**	**-14.486**	**-6.343**	**+9.856**
Finance Sub-Committee (Central Budgets)	+35.294	+26.123	+17.082	+13.104
Finance Sub-Committee (Funding Budgets)	-26.664	-15.285	-19.391	-20.515
Funding Position (incremental)	**+8.630**	**+10.838**	**-2.309**	**-7.411**
Exceptional Financial Support (EFS) (capitalisation direction)	**-25.263**			
Funding Position inc. EFS use in 2025/26	**0.000**	**-3.648**	**-8.653**	**+2.445**

Note – table may not add across/down due to roundings

Capital Programme

1.204. The table below presents the proposed capital programme for the next 4 years together with the funding requirement.

1.205. There still remains £135m of borrowing within the programme from 2025/26 through to 2028/29 which is not affordable and further work needs to be done to reduce the level of borrowing and minimise its impact where possible e.g. through reprofiling, finding alternative sources of funding, use of capital receipts etc.

Table 10 – Capital Programme Summary

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2025/26 - 2028/29

	Prior Years £000	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000	Total Budget £000
Committed Schemes - In Progress						
Adults and Health	0	389	0	0	0	**389**
Children and Families	43,184	37,723	24,104	20,749	0	**125,760**
Corporate Policy	68,440	6,389	1,173	0	0	**76,003**
Economy & Growth	135,466	35,629	28,723	38,975	39,563	**278,356**
Environment & Communities	14,546	18,383	8,402	3,101	0	**44,432**
Highways & Transport	308,265	58,048	42,163	38,178	109,947	**556,602**
Total Committed Schemes - In Progress	**569,902**	**156,561**	**104,566**	**101,003**	**149,510**	**1,081,542**

CAPITAL PROGRAMME 2025/26 - 2028/29

	Prior Years £000	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000	Total Budget £000
New Schemes						
Adults and Health	0	0	0	0	0	0
Children and Families	0	0	0	0	0	**0**
Corporate Policy	0	6,356	3,755	3,754	600	**14,465**
Economy & Growth	0	1,758	3,426	4,395	7,191	**16,770**
Environment & Communities	0	7,580	0	0	0	**7,580**
Highways & Transport	0	8,147	12,960	13,069	11,502	**45,678**
Total New Schemes	**0**	**23,841**	**20,141**	**21,218**	**19,293**	**84,493**
Total Capital Schemes	**569,902**	**180,402**	**124,707**	**122,222**	**168,803**	**1,166,035**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2025/26 - 2028/29

Funding Requirement

	Prior Years £000	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000	Total Budget £000
Indicative Funding Analysis:						
Government Grants	236,488	99,122	80,039	33,469	111,051	**560,168**
External Contributions	27,055	16,315	12,705	36,626	29,088	**121,790**
Revenue Contributions	552	6,486	0	0	0	**7,038**
Capital Receipts	1,847	731	1,325	21,853	11,588	**37,344**
Prudential Borrowing (See note 1)	303,960	57,748	30,639	30,273	17,076	**439,695**
Total	**569,902**	**180,402**	**124,707**	**122,222**	**168,803**	**1,166,035**

Note 1:

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.

General and Earmarked Reserves

1.206. The table below provides the forecast four year position on General and Earmarked Reserves.

General Fund

1.207. When the 2024/25 budget was set, in February 2024, it was balanced by the use of £11.6m of General Reserves. This usage is not sustainable in the medium term. Net spending therefore needed to be contained within the estimates of expenditure that form the budget.

1.208. It was also agreed as part of the previous MTFS to transfer all earmarked reserves which have not been identified for use in 2024/25 into the General Fund Reserve. The value of un-ringfenced reserves to be transferred in 2024/25 totals £3.1m.

1.209. At 1 April 2025, it is anticipated that the Council will hold a General Reserves balance of £3.7m (See breakdown in **Annex 8,** Table 2).

1.210. The current balance in the General Fund Reserve does not align to the Cheshire East Plan target of £20m by 2025. For this reason, the Council now plans to increase the General Fund reserve by £5m per annum over the medium term, plus any beneficial financial performance or additional income to reserves in the first instance over the medium-term as an approach to complying with the Plan.

Earmarked Reserves

1.211. In addition, the following Strategic Earmarked Reserves are proposed to be protected and, in some cases, replenished over the 4-year MTFS as part of the Council's approach to improving the robustness of the MTFS and adequacy of Reserves:

- PFI Equalisation Reserve - Extra Care Housing – to meet future payments on the existing PFI contract.
- Public Health unallocated ring-fenced grant – to be invested in areas to improve performance against key targets (subject to annual assurance sign off).
- Insurance Reserve – To settle insurance claims and manage excess costs.
- Transformation Reserve – To fund the Council's transformation programme costs.
- Collection Fund Reserve - To manage cash flow implications as part of the Business Rates Retention Scheme.
- Elections Reserve **–** To provide funds for Election costs every 4 years.
- Flood Risk Reserve - To help the service manage risks such as the impact of adverse weather, specifically flooding or extensive periods where winter maintenance is required.

1.212. Full details on Reserves are set out in Annex 8.

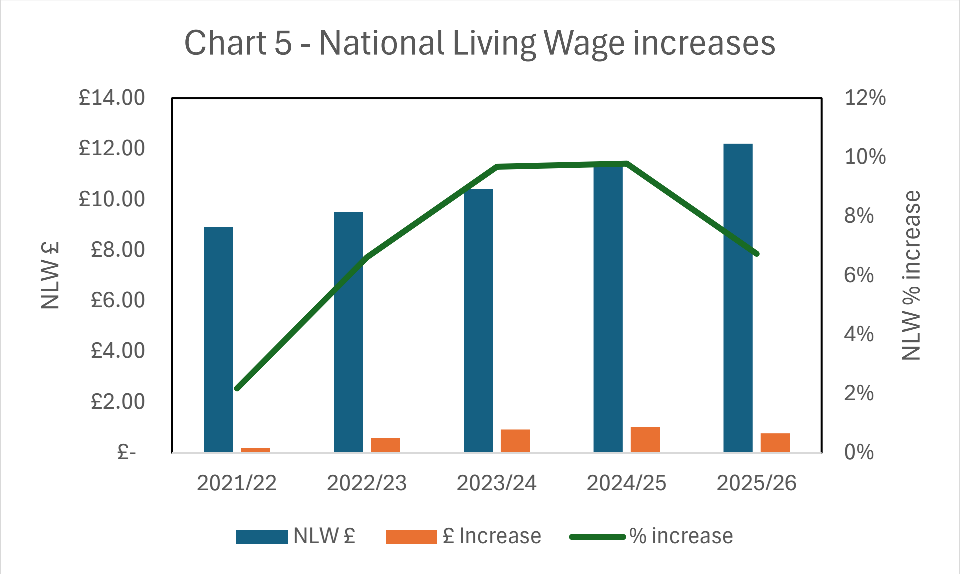
Table 11 Earmarked Reserves	Opening Balance 01 April 2024 £000	Closing Balance Forecast 31 March 2025 £000	Closing Balance Forecast 31 March 2026 £000	Closing Balance Forecast 31 March 2027 £000	Closing Balance Forecast 31 March 2028 £000	Closing Balance Forecast 31 March 2029 £000
Adults and Health	**5,226**	**2,378**	**1,399**	**1,399**	**2,796**	**4,194**
Children and Families	**1,724**	**0**	**0**	**0**	**0**	**0**
Corporate Policy	**20,772**	**7,618**	**7,587**	**5,256**	**7,411**	**11,656**
Economy and Growth	**2,777**	**903**	**0**	**0**	**0**	**0**
Environment and Communities	**870**	**152**	**0**	**0**	**0**	**0**
Highways and Transport	**908**	**488**	**400**	**400**	**400**	**400**
Earmarked Reserves Total	**32,277**	**11,539**	**9,386**	**7,055**	**10,607**	**16,250**
General Fund Reserve	5,580	**3,696**	**5,000**	**10,000**	**15,000**	**20,000**
Total Reserves	**37,857**	**15,235**	**14,386**	**17,055**	**25,607**	**36,250**

Strategic Risks

1.213. The Council assesses the strategic risks to cover the MTFS period as part of its budget setting process. Some of the key risks include:

- **Inflation**: In the past two years inflation has been at an all-time high. In the current year and within the proposed budget the Council has reviewed its inflationary assumptions and taken measures to manage expenditure. Although rates are now forecast in the right trajectory there is still a risk that the reduction slows, or the economy continues to influence costs such as energy or pay.
- **Rising Service Demand**: As mentioned within the report the Council is facing rising demand across a number of services including Adults, Children's and Education. Assumptions for increasing demand have been incorporated within the proposed budget, however there is still a risk demand may outstrip this and put further pressure on the budget.
- **National Living Wage/Employee National Insurance**: National Living Wage (NLW) increases are the main driving factor for the increase in care costs in both Adults and Children's services, with staffing costs making up around 70% of provider rates. Over the last few years large increases in the NLW have resulted in high levels of fee uplifts being requested by providers, and the increase to £12.21 in April 2025 is expected to result in further rate increase requests. NLW increases have been above 5% for the last 4 years, totaling just under 33% over the 4 year period, meaning that Council Tax increases have been unable to keep pace with the increasing cost of the

NLW. Alongside the increases in NLW the government has also made changes to National Insurance thresholds and payment for employers for 2025/26, this will put pressure on care providers as they need to cover increasing NI costs.



- **Funding**: The Council is becoming increasingly reliant on local taxation, with Council Tax and Business Rates now equating to c.90% of the Council's net funding envelope. This means in challenging economic times, where businesses and households are struggling with the cost of living, the Council bears the greater risk of reduced income levels.
- **Funding uncertainty**: There is significant uncertainty around funding with the further single year settlement. There is also the risk that future funding reform will have a detrimental impact on the Council to our perceived self-sufficiency from having a large Council Tax base.
- **NHS integration**: Integrated Care System (ICS) and the risk resulting from health service who are also looking to make savings.
- **Climate Change:** Balancing the need to reduce the Council's carbon footprint and deliver financial sustainability.
- **Interest Rate risk**: The risk of the Council's budget being affected by changes in interest rates when refinancing maturing debt.
- **DSG Deficit**: The risk to the Council remains regarding the High Needs spending from the Dedicated Schools Grant (DSG). The accumulated deficit forecast to be £115.7m by the end of 2024/25. A statutory override was previously extended by a further two years by the previous Government, which means that DSG deficits do not have to be covered from the General Fund i.e. they are not cash backed up to 31 March 2026. The Provisional Settlement announcement by the current Government has delayed any update on the override until proposed reforms of the SEND system are announced. That is expected before the end of February 2025.

1.214. The Council has forecast for the setting aside of two budgets to cover such risks:

- Contingency budget – £145.3m over the medium term to help cover the issues set out above.

- Risk of unachievable savings targets – 10% of savings items identified to be delivered (£6.5m over the medium term) – The risk of underachievement of savings targets grows as more and more challenging savings are included in the budget setting. Setting aside a risk budget based on a percentage of the savings identified in any given year is prudent.

Public Engagement on budget setting approach

1.215. The Medium-Term Financial Strategy has been developed during 2024 and an online budget engagement survey was published on 19 December 2024.

1.216. During the engagement exercise, there were 304 responses, with additional feedback being provided by the Council's service committees. Appendix B provides information on the responses. A summary of feedback is provided below:

1.217. Budget engagement for 2024 to 2025 invited respondents to share their views on six principles that the Council proposed to use to shape its budget and financial strategy for 2025 to 2029.

1.218. Feedback on the principles is summarised below:

1.219. **Principle 1 - Resizing and reshaping the budget to protect services and support for Cheshire East residents who are most in need**. - Many supported funding for services that help the most in need, and recognised that the Council has an obligation to deliver these services. However, some respondents voiced concerns about this being at the expense of universal services for everyone. Some also responded expressing the view that social care should be funded by central government rather than Council Tax payers.

1.220. **Principle 2 – Investing in children's services – for example recruiting to additional posts to deliver the children's services improvement plan**. There was significant support for investment in Children's services and Children's services improvement – however, some respondents voiced similar concerns to those raised in relation to Principle 1 – that the council should set its budget to provide services for everyone equally and not focus on particular groups. Others felt that the budget was big enough, and that efficiencies should be sought before further recruitment was considered.

1.221. **Principle 3 – Investing in adult social care to ensure our budgets reflect the anticipated growth in demand and increasing complexity of need for those who require the most help – including ensuring that growing demands and staffing costs are fully funded in the budget**. People recognised that there is not enough money in the system to sustain social care services at current levels. Respondents also cited the challenge of recruiting to adult social care services. However, some were concerned about staffing costs. Other comments questioned who this support was for, reflecting comments made about Principles 1 and 2 about services for all.

1.222. **Principle 4 – Delivering transformation projects – doing things differently, including better management of grants, fees and charges for services, and focusing on helping people with additional needs to live more independently for longer, helping to put the council on a more sustainable financial footing for the long-term**. There was significant support from many respondents supporting transformation, however, some expressed concerns about the cost of transformation and what is actually deliverable. Some wanted more information in order to form a view. Some respondents, in responding to this and other principles also stated opposition to raising Council Tax.

1.223. **Principle 5 – Addressing new external costs, such as the increase in National Living Wage which can mean that the services the council commissions from external providers, including many adult social care services, cost more**. Respondents raised concerns about expenditure on external providers and 'unnecessary projects'. Others commented on national government policy in relation to National Insurance and National Living wage.

1.224. **Principle 6 – Looking for other ways to change services to reduce costs, avoid costs, or increase income**. Respondents put forward a number of views and suggestions for other ways to change services to reduce costs, avoid costs, or increase income. These included improving productivity and efficiency, bringing more services back in house, reducing costs and use of consultants and stopping what were considered projects that do not have "measurable (£) benefits".

1.225. Respondents were also asked how they get information about Council services and their communications preferences. These responses will inform the communications and engagement approach. Some voiced concerns about the Council's approach to consultation and engagement, with some feeling the Council does not listen to residents.

1.226. The business planning process consisted of a business community survey, mirroring the main public engagement survey, which closed on 2 February 2025. A verbal update on responses to this survey will be provided at the meeting. Full details of the Budget Consultation results can be found in Appendix B to the main covering report.

Section 2 - 2025/26 Budget

Overview

2.1. Setting a budget needs to ensure that it takes into account all known information.

2.2. Over the course of the year, the financial position of the Council continues to be challenging due to the sustained high interest rates and rising demand for key services such as Adults and Children's Social Care.

2.3. A large amount of effort and focus has been placed on managing the risks, pressures and reducing expenditure and agency use. In addition, we are developing savings and transformation plans to best achieve long term sustainability and not just focus on short term savings that create longer term pressures.

2.4. Improvement has been seen in the current year position since the First Financial Review reported in September 2024, with the 2024/25 projected overspend now down to £18.3m (January 2025), and a balanced budget position for 2025/26 being presented, as summarised in Table 12 below by the use of Exceptional Financial Support (for further information see Section 2: Balancing the Budget 2025/26).

Table 12 – Revenue budget summary 2025/26	Revised Net Budget 2024/25 £000	Gross Exp Budget 2025/26 £000	Income Budget 2025/26 £000	Net Exp Budget 2025/26 £000	Change from 2024/25 £000
Adults, Health and Integration	137,955	250,877	-91,428	159,449	+21,494
Children and Families	88,631	107,313	-10,025	97,288	+8,659
Corporate Policy	41,708	108,602	-65,814	42,788	+1,078
Corporate Policy - Council Wide Transformation Savings	-	-12,702	-750	-13,452	-13,452
Economy and Growth	27,908	38,144	-9,703	28,441	+534
Environment and Communities	48,443	68,964	-23,263	45,701	-2,742
Highways and Transport	15,840	28,370	-11,469	16,901	+1,061
Finance Sub (central budgets)	15,226	54,012	-3,492	50,520	+35,294
TOTAL SERVICE EXPENDITURE	**375,710**	**643,580**	**-215,944**	**427,636**	**+51,925**
Finance Sub (funding budgets)	-375,710		-402,373	-402,373	+26,663
Exceptional Financial Support	0	-25,263		-25,263	+25,263
NET POSITION	**0**	**618,317**	**-618,317**	**0**	**+103,851**

Note – table may not add across/down due to roundings

Capital Programme 2025/26 Summary

2.5. The Council recognises it needs to invest in the borough to encourage economic development, provide vital council services and improve the way it works. However, it also recognises the need to reduce the current level of debt and the resulting ongoing cost of borrowing which puts a strain on the revenue budget. The MTFS assumes that capital receipts, third party funding and savings generated because of investment will be used to fund the programme wherever possible. Other than refinancing the maturing of loans, new borrowing will only be undertaken where absolutely necessary over next four years.

Table 13: Capital Programme 2025/26 Summary	£m
Capital Programme	**180.40**
Funding by:	
Government Grants	99.12
External Contributions	16.31
Revenue Contributions	6.49
Capital Receipts	0.73
Prudential Borrowing	57.75
Total Funding	**180.40**

2.6. During 2024/25 all schemes requiring borrowing as part of their funding have been subject to review with a view to reducing their impact on the revenue budget and this has mainly been achieved through reprofiling and some budget reductions.

2.7. There remains a significant amount of borrowing required to fund the programme in 2025/26 and the Capital Programme Board will provide review of and challenge to projects within the programme with a view to reducing the revenue cost impact of the capital programme.

2.8. The Council are actively looking to dispose of surplus assets that do not provide value for money and which are not suitable for repurposing. As a prudent estimate approximately £6.8m will be available to help support the costs of transformation and or borrowing for the capital programme and EFS.

Section 25 (Robustness) Statement

(SUBJECT TO REVISION BEFORE FULL COUNCIL ON 26 FEBRUARY – BASED ON LATEST INFORMATION)

Overview and Context

2.9. Under Section 25(1) of the Local Government Act 2003, I am required to report on the robustness of the estimates in the budget and the adequacy of the proposed reserves. Council must have regard to this report when making decisions on the budget.

2.10. The Council is in a serious financial position and as highlighted in last year's report by the Section 151 Officer at the time, there needs be a continued focus on delivering sustainable change over the medium term and avoid short term decision making that may have longer term consequences.

2.11. It was highlighted last year that the Council must react to the structural financial deficit in the budget and much work has been done over the last financial year to change the future direction of the Council's financial sustainability. This includes detailed reviews of the causes of prior year overspends, considering how the balance sheet of the council can contribute to longer term changes including reviewing potential asset sales, and the development of a Transformation Plan that has changed the trajectory of the Council's finances. At the same point last year, the gap over the medium term was growing from £41m in year 1 of the medium-term financial plan, to £80m by the end of year 4, with a need to replenish General Fund reserves by at least £20m.

2.12. The medium-term plan presented here has altered the trajectory, with a reducing gap over the medium-term, including the replenishment of the general reserves. However, this still leaves the Council with a deficit in 2025/26 and 2026/27 which, if supported by central government, will be addressed through the use of Exceptional Financial Support. This is only a short-term solution and it will be important to continue to try to find additional funding, income and efficiency savings to reduce the need of utilising this support over the coming financial year. Exceptional Financial Support comes at a cost over the medium term.

2.13. For clarity, if the Council is unable to access Exceptional Financial Support then I would have no choice but to issue a Section 114 notice given the current projections on income and expenditure.

2.14. The Council must continue to act to address the financial deficit in this budget as well as delivering on all of the proposed transformation savings included in the budget.

2.15. Whilst change and transformation are important, strong financial management and control to deliver against the budgets is equally as important. There is a history of overspending for at least the last three financial years which had been addressed through the use of one-off sources of funding which has not addressed the underlying needs being experienced in the Council. There is now insufficient reserves to be able to continue the use of one-off monies to deal with unidentified pressures.

2.16. There has been a continued trend of non-delivery of savings targets being achieved by the Council in the past, although some were realised later than planned.

2.17. The level of growth materially exceeded forecasts during 2024/25 and has created in-year overspending in both Adults and Children's Services.

2.18. Cheshire East Council is not alone in facing such a material financial challenge, but this fact does nothing to mitigate the issues. There are several reasons for increasing costs, and these can be summarised under three main headings:

1. **Demand Led Growth**: Given the proportion of our services that are delivered to individuals or families, the Council is sensitive to demographic changes especially in relation to increases in complexity of needs, growth in an aging population and often these services are statutory in nature. These services are also impacted by price inflation in contracts and supplies and services that are often sensitive to national wage inflation. Therefore, the Council has to consider ensuring that it sets aside enough resources to ensure it meets its statutory responsibilities.

2. **Interest Rates**: The Council has debts of £370m accumulated from the spending profile of large-scale infrastructure projects, overspending of budgets and the increasing deficit in high needs (SEND) education expenditure. Repayment of interest on these debts continues to be a material problem due to the higher interest rates in 2024 and 2025.

3. **Other**: During 2024/25 there has been a change in national government and so there are a number of emerging policies that impact on the Council that could have a fundamental impact on our financial sustainability in the future. These include, but are not limited to, delays in decisions on infrastructure funding currently within our Capital programme, reforms for both Children's and Adults Social Care, a recognition that SEND needs reform and the cancelling of the Safety Valve programme with a

replacement yet to be identified. Local Government reorganisation and devolution will also have an impact on Cheshire East and this will need to be considered and built into future iterations of the MTFS.

4. **National funding reform:** Yet again for 2025/26 we have been provided with a one-year financial settlement, but a much stronger narrative around financial reform to come. It is likely that national funding reform will mean that Cheshire East will fare less well in the future with regard to funding. This will need to be addressed in future iterations of the budget once there is more clarity over this reform.

2.19. Over the last 12 months, the Chief Executive has considered the outcomes of external assessments in regard to the performance of the organisation including the LGA peer review, the results of the inspection of Children's Services and in his role as the Head of Paid Service, has considered the need to redesign the shape of the organisation to meet the challenges identified. This is included as part of the transformation programme, and has started with a restructure and ongoing live restructure of the senior structure within the Council. The financial impacts of this are included within the MTFS.

2.20. The transformation programme that has driven the savings in this MTFS has been supported with an external partner. This has so far been funded through reserves and it is recommended to set aside monies from the identification of in-year savings relating to an accounting policy change on Minimum Revenue Provision (MRP) in 2024/25 to support ongoing transformation work. It is appropriate to use one off sources of funding for this, given this is not permanent resource, and supports the delivery of significant savings over the life of the MTFS.

2.21. Given that funding from central government to the Council is unlikely to address the significant pressures the Council is facing, the Council must take the responsible step of ensuring local income is increased and costs reduced to support essential services. Income from service users, customers and local tax payers is particularly important to ensure that we are able to sustain services beyond just the bare minimum.

2.22. Financial performance has been reported regularly to committees throughout 2024/25, with new style financial reporting and all committees receiving financial information for the whole Council, to ensure that decisions are made with full knowledge of total impact on the Council and not just specific areas of responsibilities for each committee. Whilst reporting has been strengthened, further improvements will be made in 2025/26 to ensure there is more clarity on delivery against the transformation programme and including more detailed performance information alongside finance and risk information.

2.23. The single greatest financial risk to the Council remains the substantial and growing deficit on High Needs spending from the Dedicated Schools Grant (DSG). This has been highlighted as the biggest risk for several years with the accumulated deficit forecast to be £115.7m by the end of 2024/25. A statutory override was previously extended by a further two years by the previous Government, which means that DSG deficits do not have to be covered from the General Fund i.e. they are not cash backed up to 31 March 2026.

2.24. The Provisional Settlement announcement by the current Government has delayed any update on the override until proposed reforms of the SEND system are announced. That is expected before the end of February 2025.

2.25. At this stage it is assumed there will be no draw on council revenue reserves relating to the DSG High Needs deficit as Government will either, for all local authorities, extend the statutory override, or fund the ongoing and cumulative deficits. If a resolution to this is not forthcoming (in this financial year) then the financial viability of the Council would need to be reconsidered and reported back to Full Council for further consideration.

Robustness of Estimates

2.26. Expenditure on services exceeded budget by £8.5m in 2023/24, despite an overall increase of £25.4m in net budget. In 2024/25 the increase in net budget was £22.6m with a forecast overspend currently at £18.3m as per Third Financial Review. The planned spending increase of 6.4% was not excessive compared to national inflation. This is further explained when local government spending is influenced by increased population, demands and complexity, and not just increased prices. But the pattern of spending in excess of budget must be addressed.

2.27. Net expenditure in 2025/26, net of savings proposals, is forecast to increase by a further £52.0m, however income from increased funding is only forecast to increase by £26.7m, creating a budget deficit of £25.3m. In recognition of this forecast, as reported through the various MTFS updates through 2024/25, the Council in December 2024, submitted a further request for Exceptional Financial Support for 2025/15 and 2026/27 to fund the deficit as part of setting a budget for 2025/26.Having identified that the use of one-off monies can no longer be a continued trend, the implementation of sustained change and the right-sizing of those areas that have seen the greatest pressures in recent years has been addressed as part of this proposed budget.

2.28. Where services have been right-sized, estimates for growth are based on the latest available information on actual service delivery. These consider growth trends over the last few years and modelling, where available, for future likely growth. This is an area where future trend modelling is being strengthened, using local and nationally available data, and this will need to continue into the future. The level of Council funding for 2024/25 has therefore been subject to adequate scrutiny and allocations have been approved by members based on appropriate advice.

2.29. The MTFS strategy relies on the closing balances and performance within the 2024/25 financial year. In-year reporting to members has identified the service areas that require the most urgent financial support to create a robust set of estimates for 2025/26 and beyond and committees have had up to date reports throughout the year on the development of the MTFS

2.30. In more detail, the following areas have been considered and addressed:

- Following the ILACS inspection of Children's services during 2024, an improvement plan has been developed. This identified the need to invest in our workforce to help drive improvement and ensure we have sufficient levels of staffing. In addition, we needed to right-size placement and other service budgets. Investment has been made in these areas to ensure adequate levels of resources. It should be noted that there is a specific transformation programme running in Children's social care and the financial implications of these are identified within this area. We are also holding centrally in a contingency budget, some inflationary growth that may be attributable to this area. This will not be distributed to service budgets until fully agreed and identified so this means there is likely to be some additional growth in Children's budgets during the year.

- The most significant area of growth is in Adults Social Care where significant right-sizing has been required. In previous financial years, a significant amount of one-off funding and use of reserves helped to mitigate pressures in this area. The gross level of expenditure did not increase as much as the budget appears to indicate, but we do need to recognise that ongoing funding is required as it is not appropriate to use one-off funding for ongoing commitments. Just like Children's services there is a specific transformation programme running in this area and the financial implications of these are identified within this area. We are also holding centrally in a contingency budget, for inflationary growth that may be attributable to this area and will be distributed in-year.

- Place based services saw significant changes during 2024/25 due to changes in the way some universal services were delivered. The financial implications of these are included in the MTFS, with full year impacts of some of those changes now embedded in the budget. This area includes many universal services, delivery of large scale regeneration and infrastructure changes. It also has the most significant part of the Capital programme within its remit. A key challenge this year has been to ensure that the profiling of capital expenditure is properly forecast, including the way in which schemes are funded. This has implications in terms of the costs of borrowing on the revenue budget and therefore this has been an important focus this year. Whilst there are some transformation savings directly attributable to this area, there are also “cross-cutting” transformation savings currently held at the Corporate level that will be identified and delivered in this area during 2025/26. There will be a need to ensure these are fully reflected against appropriate service lines during the financial year.

- One area of focus will be for the Council to consider is the need to make significant and sustained investment in its own infrastructure to avoid failure, including highways. We currently ensure that we maintain funding to keep the network safe and comply with its statutory duty to do so. We do need to consider how we move to more proactive resurfacing over time. Whilst there is significant capital investment (£21m up to 2030) to keep the network safe, how we can identify ways to move to a more proactive approach will be a focus during 2025.

- Resources and other Corporate services are largely driven by people and contract spend. This area also holds “cross-cutting” transformation savings that will be distributed to appropriate service lines during the year. A significant theme of this relates to digital change, with capital investment required to support revenue savings in the future. Whilst led from this area, the benefits of these will be seen across other council departments and like with other transformation savings these will be moved to the appropriate area as soon as these can be fully categorised.

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2.31. As identified in the main body of the MTFS report, there are a number of assumptions that are made throughout budgets relating to inflation and other drivers. Section 1 of the MTFS details the assumptions that have been used.

2.32. The Capital programme remains ambitious with £0.6bn forecast expenditure in the next four years. If spent evenly this would equal over £150m expenditure in each of the next four years. At the Third Financial Review, the Council was forecasting capital spending of £144.7m in 2024/25, but the final Outturn position is likely to be far less than that figure at £120m based on current spending levels. The Council must refine this profile of spending to ensure it is reduced or delayed to ease the pressure on the capital financing budget and avoid the risk of over-borrowing.

2.33. Net revenue budget gross growth is forecast at £99.1m (+26% on the 2024/25 net budget of £375.7m). £48.6m relates to social care, with £3.4m relating to MRP and interest payments. Additional growth is forecast in Adult Social Care, Children’s Social Care, Environmental Services, asset maintenance, highway maintenance, local bus plus as reflected elsewhere in the report, the creation of a Contingency Budget to manage in year risk. This level of growth is consistent with a robust approach to reflecting potential costs, rather than taking a risky approach of simply reflecting affordable growth.

2.34. This level of growth necessitates Council Tax increases in-line with government expectations on Core Spending Power. Continued uncertainty in local government funding structures presents a risk to the forecasts within the MTFS and changes in national policy will all have potentially material implications for the Council's finances and therefore it remains an imperative that the Council remains up-to-date in its understanding of any national change in policy. Financially, the Council must do all it can to strengthen it's own funding, especially the Council Tax base, as this remains the main source of funding that we have control over, and unaffected by national funding awards which are subject to significant change in the future.

2.35. Changes to service levels are therefore appropriate to retain local sustainability during this period of national uncertainty. £47.1m of savings and mitigation are planned in 2025/26. Implementing this level of change will be challenging but based on professional judgement they are feasible and achievable. Such changes will rely on appropriate governance, as well as clear and timely decision making and a collective effort to both monitor and manage any actions that are off track for delivery at the earliest opportunity.

2.36. For clarity, the Council must maintain a tight control and grip on the management of its finances given its financial fragility.

2.37. The assumptions within the MTFS are based on appropriate up to date information and have been subject to stakeholder engagement and professional assessment. As such they present a robust set of financial proposals, but the recent track record of over-spending must continue to be addressed. The right-sizing of budgets whilst being able to support this will only work if there is continued focus on strong financial grip.

2.38. It is also important to address the longer-term sustainability of the Council over the medium term. Having right-sized budgets in a number of demand led budgets, the Council will need to address how to become more focused on preventative measures for the future across all service areas and build in the ability to try to move away from reactive spending to better longer term planning.

Adequacy of Reserves

2.39. The issue of having low levels of reserves has to be urgently addressed and so the Reserves Strategy (Annex 8) set out in the MTFS must be adhered to. That means that the building back of reserves has been included in the budget but also there must be an expectation that where underspends are identified, that the building back of reserves be considered as a priority, alongside reducing the need for Exceptional Financial Support.

2.40. The Reserves Strategy sets out the impact of the budget on the Council's reserves. When considering if reserves are adequate, I have reflected on ongoing work by CIPFA to produce a resilience index as well as considering local and national risks.

2.41. Inflation has again been one driver in the overspends across the Council, especially in Adults and Children's services and interest payments have caused further financial pressures on borrowing. The fact that one-off funding had been used to reduce the 2024/25 budget was designed to deal with some inflationary pressures, but not enough, and inflation and interest rates continue to be issues.

2.42. Spending since in 2022/23 has eroded total reserves to an unacceptable level, but this MTFS includes contributions across the life of the MTFS to bring these back to at least minimum levels. Any action that can be taken to identify additional contributions to reserves earlier in the MTFS should be considered at the earliest opportunity.

2.43. Decisions were taken in the last financial year to roll earmarked reserves that mitigated against longer term risks relating to Private Finance Initiative (PFI), Insurance and Flood Management into general reserves to deal with the most urgent pressures. It is important that alongside replenishing the general reserves to a minimum level of £20m, that the rebuilding back of these reserves are also built into future modelling. If these risks materialised the general fund would have to be used and that creates additional risk. It is therefore my view that this overall strengthening and mitigating against these risks must be built in from now, but spread over the medium term. Reserves should be reviewed on an annual basis for their suitability and appropriateness.

2.44. Given our low level of reserves, some additional revenue protections have been built into the MTFS. This includes a contingency budget set aside to manage likely in-year pressures from inflation and other contractual change that will have on-ongoing implications. If any of this is unused at the end of the relevant financial year the priority for this should be to consider whether earlier replenishment of reserves would be financially beneficial in the medium-term.

2.45. Additionally, a risk budget to mitigate against non-delivery of any savings or delay in delivery has been included from 2026/27.

2.46. Members must recognise that risks to all proposals within the MTFS must be mitigated. Delays or changes in proposals being implemented will not have adequate financial cover from reserves. In which case such changes would be considered outside of the budgetary framework requiring further decisions to restore the balanced budget that is a legal requirement.

Conclusion and Exceptional Financial Support

2.47. The Council is required to produce a balanced budget and must demonstrate adequate levels of financial management to maintain this position.

2.48. Several councils in England have been subject to Section114 notices, particularly where financial controls have been inadequate. Such action restricts spending and usually requires government intervention and associated reductions in local decision making. This is an indication of the financial challenges being faced by local authorities. Achieving the proposals within this budget would provide ongoing evidence that the required levels of financial management are in place at Cheshire East Council.

2.49. Based on my engagement and observations of the process to manage in-year spending and determine a balanced budget for 2025/26, I can report that the budget presents a robust set of forecasts, but that the Council must address the current trend of overspending. This requires further engagement of the Committees alongside enhanced controls associated with adherence to the CIPFA Financial Management Code.

2.50. Based on my assessment of the risks that the Council can currently value I am not satisfied that the Reserves Strategy presents an adequate level of reserves to support the MTFS.

2.51. To mitigate the risk of financial failure, and the consequential impact on local services, I have been in regular contact with the Exceptional Financial Support Team at MHCLG, alongside the Council’s Chief Executive. Cheshire East Council is not an isolated case in this regard. In 2024/25 we were able to successfully apply for Exceptional Financial Support in the form of a Capitalistion Direction.

2.52. The MTFS presented clearly demonstrates the ongoing need for that support in the short-term, despite a much improved position in future. The process has required analysis of the causes of financial stress on Cheshire East Council, and a submission of our analysis to support our application.

2.53. Any final decision on Exceptional Financial Support, by the Secretary of State is currently outstanding but for the purposes of this report I have made the assumption that this will be supported. The revenue costs associated with this are built into the MTFS.

2.54. I will monitor the impact of ongoing financial controls and work with the Chief Executive to assess the achievement of in-year financial performance. Achievement of the proposals in the MTFS is crucial to avoid potentially significant future changes to service levels.

Detailed Revenue Services Budgets: Breakdown of Budget Changes

1.1. Budget changes in this document are expressed as **incremental changes** to the Council's Approved Budget for 2024/25.

1.2. Each proposed change is included in a table as described below:

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Committee	**+/- Total change**	**+/- Total change**	**+/- Total change**	**+/- Total change**
x	**Title of budget change item** Narrative to describe what the proposal is.	+/-x.xxx	+/-x.xxx	+/-x.xxx	+/-x.xxx
All proposals are sequentially numbered for ease of reference. Also cross referenced in Annex 2	Revenue expenditure is incurred on the day-to-day running of the Council. Examples include salaries, energy costs, and consumable supplies and materials. Capital expenditure is incurred on the acquisition of an asset, or expenditure which enhances the value of an asset	Figures here represent an increase or decrease in spending compared to the 2024/25 Approved Budget. Each subsequent year then represents a change from the previous year. Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.			

Adults and Health Committee

Responsibilities of the Committee: Membership: 13 Councillors

1.3. The Adults and Health Committee will be responsible for community welfare, public health and adult social care services with a view to enabling all people to live fulfilling lives and to retain their independence. When discharging its functions the Committee shall recognise the necessity of promoting choice and independence.

1.4. The Committee's responsibilities include:

- Promotion of the health and well-being of residents and others;
- Determination of policies and making decisions in relation to people aged 18 and over (some young people up to the age of 25 may still be within Children's services as care leavers or with a Special Educational Needs and Disability) with eligible social care needs and their carers including:
- Adult safeguarding, adult mental health, physical health, older people and learning disabilities and lifelong learning;
- Determination of policies and making decisions in relation to Public Health in coordination with the Health and Wellbeing Board and the Scrutiny Committee;
- Oversight of the Communities Strategy;
- Provision and commissioning of domestic violence support services and quality assurance; and

- Prevent reporting and Channel Panel counter terrorism oversight.

1.5. Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorates of Adult Social Care Operations; Commissioning and Public Health including: Public Health, lifelong learning, health improvement and intelligence, Adult social care and safeguarding, Adult Mental Health and Learning Disability, Adult social care operations, Care4CE and commissioning of support for adults.

(Extract from Cheshire East Council Constitution - Dec 2024)

Overview

1.6. The 2024-28 MTFS report of 27 February 2024, highlighted several extraordinary challenges facing adult social care. These challenges have persisted throughout 2024/25 and will continue into 2025/26. Complexity of need continues to increase both amongst younger adults in need of care or support with autism or a learning disability transitioning from children's services, and amongst older people where there is an increasing demand for dementia services. Price inflation is also a significant driver of cost pressures in adult social care primarily due to the increase in the national living wage over the past three years. Finally, the need to support the NHS with hospital discharge continues to drive higher levels of activity in adult social care.

1.7. Throughout 2024/25 the whole Council has been focused on the urgent action necessary to reduce a significant projected budget overspend. As of November 2024, adult social care is forecast to overspend by £20m, this is the major variance within the Council's overall position. The budget variance in 2024/25 is partially due to a higher level of commitment than originally planned when setting the MTFS in February 2024, this is the consequence of the full year impact of activity levels identified at the 2023/24 year-end outturn and the ceasing of one-off mitigations which alleviated the budget gap in the previous year.

1.8. In the face of these challenges, Cheshire East remains committed to delivering high-quality adult social care services that meet the increasing needs of our residents and recognises the vital role played by both internally and externally commissioned providers. The response to the challenges has been two-fold:

- Enhanced management processes have been introduced to ensure robust oversight and budgetary control. This improvement is enabling expenditure pressures to be managed more effectively, further promoting value for money with the necessity of safeguarding the long-term viability of our services.
- The programme of transformation, which adult social care is focused on:
- Prevent, Reduce, Enable - work to ensure we continue to promote wellbeing, prevention, independence, and self-care for people across Cheshire East.
- Learning Disability service transformation - revision of the housing support model for adults with a learning disability to maximise value for money.
- Preparing for Adulthood - developing new service models for young adults transitioning from children's social care services to adult social care services.
- Brokerage and Commissioning – reforming the approach to purchasing care placements.

- Partnership working – developing alternative approaches to commissioned long-term care and support for people with a learning disability, in partnership with other local authorities and the NHS as appropriate.

1.9. Consolidating the savings made to-date alongside the rollout of the transformation programme form the MTFS proposals for adult social care. They build on the work of the past two years which have included the development and implementation of a new direct payments policy, reduction in the usage of short-term beds to aid hospital discharge and expansion of the reablement services and the occupational therapy service to support greater independence amongst older people. The service has also successfully implemented a new charging policy, and the full-year financial benefit of the policy are also built into the MTFS for 2025/26.

1.10. In preparing the 2025/26 gross budget growth of £33.3m has been provided, being funded through a mix of additional grant income, the increase in the adult social care precept and core Council Tax. This will address the full year impact of projected overspends for 2024/25 on externally commissioned care and staffing. It also includes a provision of £5m for growth arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age, during 2025/26. Further work is being undertaken to produce a model of forecast demand through to 2030.

1.11. To support long-term strategic direction of the service and the next stage of transformation the service will be working to produce business cases for the development of and extra care housing and the expansion of supported living, which will require capital investment to stabilise the social care revenue position.

1.12. The risks for adult social care and therefore the overall Council budget are not immaterial. Further inflationary pressures, driven by the National Living Wage and National Insurance changes, are significant whilst there is no indication that demand pressures associated with hospital discharge will abate in 2025. Issues of complexity as described above will also continue.

1.13. Finally, it should be noted that government grants for adult social care are allocated using the Adult Social Care Relative Needs Formula. However, when adjusted for full Council Tax Equalisation, Cheshire East will experience the largest grant reduction in the north of England. Council Tax equalisation is a mechanism that recognises that Council Tax yields different amounts of income in different local authorities and adjusts grant allocations to take account of that difference. We do not yet know the financial consequence of government decisions in respect of grant allocations.

1.14. Full list of change proposals for this committee are noted in the table below.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Adults and Health	**+21.494**	**-2.204**	**+1.516**	**+1.480**
1	**Client Contributions** Increase in income from client contributions arising from the inflation increase for pensions and benefits paid to individuals, the full-year effect of charging policy changes and the additional	-5.182	-0.879	-1.654	-1.706

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	income arising from an increase in placement costs. This is offset against expenditure growth proposals.				
2	**Revenue Grants for Adult Social Care** Increase to income budget for the 'Market Sustainability and Investment Funding' grant. To match the value of confirmed allocation.	-0.220			
3	**Pensions Cost Adjustment** This item relates to pension contributions funded by the Council. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund.	-0.517	-1.019	-0.171	-0.184
4	**Demand in Adult Social Care** Forecast growth, arising from demographic changes including an ageing population and increasing complexity of need for care and support for adults of a working age.	+5.000	+5.000	+5.000	+5.000
5	**Pay Inflation** The pay deal agreed for 2024/25 included a pay increase for individuals of the greater of £1,290 or 2.5%. This growth in budget reflects the shortfall compared to the flat percentage budget increase of 3% within original MTFS for 2024/25 now included in 2025/26 budget increase. Plus 2.5% inflation rate for 2025/26 onwards. National Insurance increase for 2025/26 onwards also included (to be offset in part by a grant from central government).	+2.251	+1.142	+1.171	+1.200
6	**Funding the staffing establishment** Increases in the number of social care staff to maintain safe services and to meet increasing demands.	+3.800			
7	**Fully Funding current care demand levels 2024/25** Growth, recognising the full year effect of current pressures on the externally commissioned care budget	+24.500			
8	**Remodel extra care housing catering service** Remodelling the catering offer in extra care facilities to remove the funding subsidy.	-0.270			
9	**Prevent, Reduce, Enable - Older People** Continue the work to promote wellbeing, prevention, independence, and self-care for people across Cheshire East improving outcomes and reducing costs.	-1.500	-2.830	-2.830	-2.830
10	**Learning Disability service transformation** Revision of the housing support model for adults with a learning disability to maximise value for money.	-2.500	-2.500		

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
11	**Commissioning and brokerage transformation** Reforming the approach to purchasing care placements	-0.500	-0.250		
12	**Preparing for Adulthood** Developing new service models for young adults transitioning from children's social care services to adult social care services.	-0.868	-0.868		
13	**Health and Social Care Partnership Case Review** Developing alternative approaches to commissioned long-term care and support for people with a learning disability, in partnership with other local authorities and the NHS as appropriate.	-2.500			

*Values represent a +/- variation to the Cheshire East Council approved budget for 2024/25. Subsequent years are the incremental change from the previous year. Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Children and Families

Responsibilities of the Committee: Membership: 13 Councillors

1.15. The Children and Families Committee will be responsible for those services which help keep children and young people safe and enable them to achieve their full potential. The responsibility incorporates matters in relation to schools and attainment, early help and family support and social care for children and families. The Committee will oversee the work of the Cared for Children and Care Leavers Committee (formerly the Corporate Parenting Committee), which focuses on those children who are cared for by the local authority and for whom the Council has corporate parenting responsibility.

1.16. The Committee's responsibilities include:

- Determining policies and making decisions in relation to the delivery of services to children and young people in relation to their care, well-being, education and health;
- Discharging the Council's functions in relation to children in need and child protection including safeguarding and youth justice;
- Discharging the Council's functions and powers in relation to the provision of education and Schools Forum;
- Support to and maintenance of relationships with schools in relation to raising standards of attainment;
- The Council's role as Corporate Parent;
- Discharging the Council's functions in relation to Special Educational Needs and/or Disability (SEND);
- Discharging the Council's functions in relation to early help and family support;
- Provision and commissioning of domestic violence support services and quality assurance.

1.17. Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorates of Prevention and Support, Education and 14-19 Skills and Children's Social Care including: Children's mental health, Prevention and early help, Children's transport, Children Service Development and Children's Partnerships, Commissioning of support for children, Cared for Children and Care Leavers, Children in Need and Child Protection, Children with Disabilities and Fostering, Children's Safeguarding, Education Infrastructure and Outcomes, Education Participation and Pupil Support, Inclusion and SEND.

(Extract from Cheshire East Council Constitution - Dec 2024)

Overview

1.18. The Children and Families Directorate is responsible for delivering the Council's statutory duties and responsibilities in respect of children in need of help, support and protection and ensuring that all children have access to high-quality early years' provision, education and learning experience. The directorate is responsible for services and support to children with Special Educational Needs. These duties are spread across two directors for: Family Help and Children's Social Care, and Education, Strong Start and Integration. The directorate brings together the Council's duties in relation to children identified and assessed to need help, support, protection, cared for by the Council and young people with care experience (leaving care service). It includes a range of targeted services to support families and help to avoid the need for children to become 'looked after', together with Youth Justice Services and Adoption services.

1.19. These services are now supported by a third directorate designed to ensure the Quality Assurance functions that ensure plans and assessments are suitably safe and effective across the wider partnership for which the Local Authority is the lead partner.

1.20. Approximately 45% of the overall children's revenue budget is committed to meeting the costs of care for our cared for children linked to the cost of providing homes for these children.

1.21. The Education budget represents the Council's responsibilities for education and learning funded by the Dedicated Schools Grant (DSG) and Council's revenue budget. The Council budget funds services including school admissions, place planning, home to school transport and school improvement.

1.22. Transport services make up 17% of the overall children's revenue budget. The remaining budget is for services such as additional responsibilities including new responsibilities in relation to school attendance and a wider remit for the Virtual School to include all children with a social worker and education psychology. The service also supports inclusion and other groups of vulnerable children.

1.23. Despite growth allocated within the MTFS process, significant in year pressures are evident. These are primarily a result of systemic deficits in the staffing structure unforeseen inflationary impacts and increases in demand in children's placements, and school transport budgets.

1.24. Whilst in-year mitigations and activity to avoid spend and reduce costs are in place, the forecast for the end of year is a deficit position. All indications are that demand, complexity and cost will continue to increase and therefore it has been vital to revisit the MTFS and ensure that the children services budget is right sized.

1.25. The Children's Directorate is committed to increasing the pace of implementing reforms and service improvements to make financial savings by reducing demand for expensive, reactive services by providing high quality support to children young people and their families at the earliest point.

1.26. Implementing the new children policy Keeping Children Safe Helping Families Thrive Keeping children safe, helping families thrive - GOV.UK will be embedded with our Improvement and Transformation Plans in the following ways:

- A review of commissioned services - a review of delivery models across SEND, Family Hubs and wider commissioning of services.
- A redesign of our services in line with new legislation and policy will see a wider range of practitioners integrated with multi agency colleagues working closely with our communities at a very local level.
- A refreshed sufficiency strategy for children's homes – led by Right Child, Right Home, an ambitious programme to support children within their families where it is safe to do and to ensure a wider range of family based care locally.
- A refreshed service offer for young people who are care experienced – offering a wider range of expertise and support within the Care Leaver service.

1.27. We will look to create an enhanced service that supports children and young people (from birth to 25 years of age) with complex needs or who are disabled as they grow into adults. This is so that our young people can progress smoothly at key stages of development in their life, rather than those changes being dictated by age.

1.28. In addition to the £93.0m Council revenue budget for the Children's Directorate (2024/25 revised budget as at Third Financial Review) the service also oversees the £389.7m DSG budget of which £203.3m is given to academies and £79.9m is earmarked for Council-maintained schools. £106.5m is used by the Council and settings for education services such as admissions, early years education and special educational needs placements. The Council spend on High Needs does not match the funding received due to the growth in the number of pupils with an Education Health and Care Plan and the costs in particular of Independent Special School places. This has resulted in a significant deficit DSG reserve which is permitted by a temporary accounting override announced by the Department for Levelling Up, Housing and Communities. This override has been extended to 31 March 2026. The DSG deficit is forecast to be £115.7m at the end of 2024/25.

1.29. Full list of change proposals for this committee are noted in the table below.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Children and Families	**+8.659**	**-0.064**	**-0.201**	**-0.258**
14	**Pension costs adjustment** This item relates to pension contributions funded by the Council. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund.	-0.537	-0.923	-0.155	-0.167
15	**Growth to deliver statutory Youth Justice service, and meet Safeguarding Partnership duties** Partnerships are reviewed regularly to ensure that partners, including the Council, are contributing at the right levels to ensure service performance and delivery in line with increased need. These increases in budget are to ensure that we are meeting our statutory duties through the partnerships.	+0.203	+0.167	+0.031	+0.034
16	**Growth in School, SEND and Social Care Transport budget** The cost and number of children and young people eligible for free school transport is continuing to increase. The main growth and higher costs relate to transport for those with special educational needs and disabilities (SEND), particularly in rural areas.	+1.501	+1.548	+0.476	
17	**Pay Inflation** The pay deal agreed for 2024/25 included a pay increase for individuals of the greater of £1,290 or 2.5%. This growth in budget reflects the shortfall compared to the flat percentage budget increase of 3% within original MTFS for 2024/25 now included in 2025/26 budget increase. Plus 2.5% inflation rate for 2025/26 onwards. National Insurance increase for 2025/26 onwards also included (to be offset in part by a grant from central government).	+2.624	+1.096	+1.124	+1.152
18	**Fully Funding current care demand levels 2024/25** Growth, recognising the full year effect of current pressures on the placements budget.	+3.295			

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
19	**Court Progression Improvement** Improvement is required in this area of work to ensure there are not delays for children and young people when planning for their futures, in the context of court work. This budget growth will allow an increased focus on this important area of work.	+0.023			
20	**Growth for annual contribution to the Regional Adoption Agency** Regional Adoption Agencies bring together adoption professionals from councils across a region, providing expertise and support at every stage of the adoption journey. This increase in budget is to enable us to continue to deliver quality adoption services for vulnerable children.	+0.213	+0.048	+0.048	+0.048
21	**Growth for Unaccompanied Asylum Seeking Children due to emerging pressures** There is an expectation made by central Government that local authorities will care for Unaccompanied Asylum Seeking Children. This growth reflects this duty and the increases in unit costs of placements.	+0.500			
22	**Reversal of a one year policy change for traded services** In 2024/25, Council agreed a 3% levy for traded services in education to ensure that service delivery is not compromised. This growth in net budget is the result of removing that levy. A full review of traded services in education is taking place to ensure the services delivered have a full cost recovery in future years.	+0.120			
23	**Schools Improvement** This growth is to secure the full base funding of staff delivering school improvement functions, within the education department. The roles support schools and identify areas for improvement, support the development of a strategic plan and provide consultation on the school's journey to improving the quality of education in schools.	+0.175			
24	**Funding the staffing establishment** The staffing structure had (over recurrent recent years) been underfunded due to savings being allocated against it and no subsequent restructure plan coming forward. A review of requirements has been undertaken, and this investment sees these deficits eradicated. A full base build of service design will begin in 2025.	+2.739		-1.000	-0.600
25	**Safe Walking Routes to School** Building on 2023/24 MTFS savings proposals, we are identifying a robust portfolio of potential Safe Walking Routes to school and bringing new routes forward for delivery within 2025/26 and future years, (We will adopt a cross-directorate, coordinated approach and access potential grant funding opportunities, if possible, to off-set costs).	-0.250			
26	**New accommodation with support offer for 16-25 young people**	-1.100	-0.700		

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	This reduction in expenditure relates to commissioning work that has identified lower cost accommodation for this group of young people. Savings will be achieved through accessing lower unit cost places.				
27	**Birth to Thrive** These savings will result from redesign of the end-to-end pathway for young people transitioning between Children's and Adult's services, co-designed with users and partners and, developing a new transitions function across both Children's and Adult services that will bring changes through Council governance and drive activities and ongoing service improvement.	-0.500			
28	**Right Child, Right Home** This saving refers to work that actively reviews placements for cared for children and young people and agrees actions that meet the identified needs of children and young people but at a lower unit cost, and also identifies alternatives to being 'in care'.	-1.320	-1.300	-0.725	-0.725
29	**Extended Rights to Free Transport** The 'extended rights' grant, which is a contribution towards the cost of arranging home to school travel for children eligible on the grounds of low-income will be included in the Local Government Finance Settlement in future years. This budget alignment is to receive permanent budget for this area of expenditure.	+0.388			
30	**Children's Social Care Prevention Grant – Expenditure** A new Children's Social Care Prevention Grant was announced by the Government in the 2025/26 financial settlement. This will be used to rollout mandatory Family Group Decision Making.	+0.835			
31	**Children's Social Care Prevention Grant – Grant Income** A new Children's Social Care Prevention Grant was announced by the Government in the 2025/26 financial settlement. This will be used to rollout mandatory Family Group Decision Making.	-0.835			
32	**Foster4** Foster4 is a collaboration between eight Local Authorities in Cheshire and Merseyside which aims to increase the number of foster carers in the region.	+0.114			
33	**Foster Carers uplift of National Minimum Allowance (NMA)** The NMA is routinely uplifted annually, considering changes in inflation and affordability of local government. The NMA has been uplifted for the 2025/26 financial year by 3.55%.	+0.471			

*Values represent a +/- variation to the Cheshire East Council approved budget for 2024/25. Subsequent years are the incremental change from the previous year. Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Corporate Policy Committee

Responsibilities of the Committee: Membership: 13 Councillors

1.30. The Corporate Policy Committee will provide strategic direction to the operation of the Council by developing and recommending the Corporate Plan to full Council and making decisions on policies and practice where such decisions are not reserved to full Council.

1.31. The Committee's responsibilities include:

- Formulation, co-ordination and implementation of the Corporate Plan and;
- corporate policies and strategies, alongside the medium term financial plan (budget) which is the responsibility of the Finance Sub-Committee. In the discharge of those responsibilities the Committee shall determine such matters to the extent that they are not reserved to full Council;
- Human Resources, Organisational Development and Health and Safety matters affecting the Council; including adopting HR policies and practices and assurance in relation to staffing related matters;
- making recommendations to full Council in relation to the annual Pay Policy Statement and any amendments to such statement;
- making recommendations to full Council in relation to decisions affecting the remuneration of any new post where the remuneration is or is proposed to be or would become £100,000 p.a. or more;
- making decisions in relation to proposed severance packages with a value of £95,000 or more as appropriate (excluding contractual and holiday pay), subject to the need to obtain a approval from full Council and central Government if required;
- exercising the functions relating to local government pensions, so far as they relate to Regulations made under sections 7, 12, or 24 of the Superannuation Act 1972 or subsequent equivalent legal provisions;
- determining key cross-cutting policies and key plans that impact on more than one service committee;
- determining policy matters not otherwise allocated to any other Committee;
- determining any matter of dispute or difference between any Committees;
- a coordinating role across all other committees and exercising a corporate view of outcomes, performance, budget monitoring and risk management;
- determining any matter that has a major impact on a number of Council services or the Council as a whole;
- oversight and monitoring of the Councillors' Allowances budget and keeping under review the scheme for the payment of allowances to Councillors through the appointment of an Independent Remuneration Panel (IRP) to advise full Council on the adoption and any proposed amendments to such scheme.
- considering amendments to the Council's Constitution and the recommendation of any changes to full Council for approval except where specifically delegated to the Monitoring Officer;
- considering recommendations and an Annual Report of the Council's involvement in ASDVs;

- appointing representatives to serve on outside bodies and organisations (including education bodies and establishments) and reviewing the process for considering appointments to outside organisations;
- appointing Lay Members (who shall not be Councillors) to serve on the Independent Admissions and Exclusion Appeals Panel as required under the relevant legislation; and
- approving the payment of a reasonable and proper allowances and expenses for the work undertaken by the Council's Independent Persons.

1.32. Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorates of Finance and Customer Services; Governance and Compliance Services and Transformation including the following functions: Legal, Governance and Compliance; Audit and Risk; Transactional Services; Transformation; Business Change; B4B/ERP; Human Resources, ICT; together with Strategic Partnerships and shared services.

1.33. The Corporate Policy Committee shall be entitled to exercise: any function of the full Council not otherwise allocated; as well as the functions of all other Committees and Sub-Committees, particularly where plans, strategies or activities straddle a number of Committees.

(Extract from Cheshire East Council Constitution - Dec 2024)

Overview

1.34. The proposals seek to address the underlying financial pressures in Corporate Services. These relate to the impact of pay inflation and increases in demand for enabling support services. The proposed approach seeks to absorb demand pressures where possible and to offset employee costs through vacancy management.

1.35. The Corporate Services area includes the new Resources Directorate as well as the Assistant Chief Executive and the Governance, Compliance and Monitoring Officer areas of responsibility. These are all important to the smooth running of the Council and ensuring that the Council governance is strong and supports sound decision-making.

1.36. This area also encompasses important resident focused areas of the Council including customer services and engagement, our welfare and collections services including Revenues and Benefits and is the place where Council Tax and Business Rates are collected as efficiently as possible to provide the necessary finances to support the rest of the Council. This area also contains the strategic leadership around our staff, and so is fundamental to the smooth running of all our services.

1.37. As was highlighted in the 2024/25 budget setting, the only way this Council will become financially sustainable over the medium term is through transforming the way we work and deliver services, so a transformation plan has been developed and overall leadership of transformation sits within this area too.

1.38. Key proposals include investment in ICT to enable the delivery of cross Council digital savings and recognising unavoidable cost increases where budget changes are required. The project to achieve a new model for ICT shared services remains on track. This project is jointly run with Cheshire West and Chester Council and regularly reviewed by the Shared Services Committee.

1.39. There will be further across the board efficiencies and reductions in non-essential spending. In some cases, pressures will need to be managed in the short term given the Council's financial position.

1.40. Full list of change proposals for this committee are noted in the table below.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Corporate Policy	**+1.078**	**+4.396**	**+1.890**	**+1.485**
34	**Enforce prompt debt recovery and increase charges for costs** Increase charges to debtors to ensure this reflects actual costs of the debt collection process, thereby further reducing net costs to the Council.	-0.077			
35	**Pension costs adjustment** This item relates to pension contributions funded by the Council. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund.	-0.396	-0.685	-0.115	-0.124
36	**Pay Inflation** The pay deal agreed for 2024/25 included a pay increase for individuals of the greater of £1,290 or 2.5%. This growth in budget reflects the shortfall compared to the flat percentage budget increase of 3% within original MTFS for 2024/25 now included in 2025/26 budget increase. Plus 2.5% inflation rate for 2025/26 onwards. National Insurance increase for 2025/26 onwards also included (to be offset in part by a grant from central government).	+1.494	+1.531	+1.570	+1.609
37	**Shared Services Review - Move to Hybrid Model for ICT** Reversal of temporary resource in 24/25 within the shared ICT service.	-0.733			
38	**The achievement of additional Registration Service income, over and above that which is currently identified as required** Recognising the additional performance of the Registration service income in the budget.	-0.350			
39	**Recognising the annual receipt of £45k of Police and Crime Panel grant income** An adjustment to service income budget for this grant.	-0.045			
40	**Remove unspent element of phones budgets in corporate services** Taking the underspend on phones in corporate services (mobiles and rental) compared to budget	-0.060			
41	**Digital Acceleration Revenue Growth** Investment in the acceleration of the Council's digital programme to maximise the use of digital technology to provide end-to-end service improvement and efficiencies through the accelerated use of emerging technologies. This includes the use of Artificial Intelligence and robotics capabilities to enhance on-line offering for		+1.150		

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	customers, automated business processing improved reporting and case management.				
42	**Digital Blueprint Revenue Growth** Investment in the new business cases identified that will accelerate the Council's digital portfolio through fast-track validation and delivery of 30 plus targeted options. This will provide financial and business improvement opportunities across a diverse range of Cheshire East services. Solutions will be council-wide and maximise the use of digital technology solutions		+2.400	+0.435	
43	**Transactional Shared Services stabilisation plan** Staffing budget increase to enhance capacity and improve service quality standards, pending review of system and operational service support models.	+0.270			
44	**Additional cost of External Audit Fees** Adjusting budget to reflect the latest estimate of external audit fees in 2025/26.	+0.265			
45	**Reduce Members Allowances budget** Reduce Members Allowances budget for excess budget relating to a previous year's pay award that was not taken.	-0.100			
46	**Additional Cost of Bank Charges from 2025/26** Adjusting budget to reflect the latest estimate of bank charges in 2025/26.	+0.120			
47	**Reverse reduction in leadership and management costs as posts are being retained** Reversal of 2024/25 budget saving, as superseded by senior management structure and future Target Operating Model savings.	+0.540			
48	**Reinstatement of a one-off saving of £150,000 from election budgets, for the 2024/25 year** Planned reversal of a one-off reduction in 2024/25.	+0.150			

*Values represent a +/- variation to the Cheshire East Council approved budget for 2024/25. Subsequent years are the incremental change from the previous year. Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Corporate Policy – Council-wide Transformation	**-13.452**	**-20.730**	**-11.030**	**-**
49	**Digital Customer Enablement Invest to Save** The Digital Enablement Framework is a key enabler for the delivery of the Customer Experience Strategy, putting customer considerations at the centre of service delivery. It also provides transformational capabilities for continuous improvement providing efficiencies and improvement opportunities within the end-to-end service delivery processes. These savings will be validated and allocated to individual service areas based on business cases agreed with each service manager or Transformation Board.	-0.750	-0.750	-0.700	
50	**Digital Acceleration Invest to Save** Acceleration will maximise the use of emerging Digital technologies to transform ways of working across the entire range of council services. The benefits realised will be council-wide and enabled through the adoption of AI solutions by service operations across the Council including Adults, Health and Integration, Children's Services, Place, Resources (inc Customer Services) directorates, and Chief Executive's Office. These savings will be validated and allocated to individual service areas based on business cases agreed with each service manager or Transformation Board.	-0.600	-6.250	-5.250	
51	**Digital Blueprint - Invest to Save** The Digital Blueprint initiative will provide financial and quality improvements across Cheshire East services. Benefits realised will be council-wide and enabled through developing priority propositions across several dimensions including: • Improved quality of service outcomes, • Cheshire East operations and customer experience, and • Improved efficiency in service delivery, reducing friction and transactional costs These savings will be validated and allocated to individual service areas based on business cases agreed with each service manager or Transformation Board.	-4.000	-6.000	-4.500	
52	**Target Operating Model (TOM)** Design and implementation of a new target operating model for the Council, setting a framework and principles for how the Council functions linked to the LGA's Peer Challenge and Decision Making Accountability (DMA) assessment.	-3.000	-7.000		
53	**Agency Staffing** Decrease reliance on agency workers through recruitment, potential changes to delivery models, in-house resourcing services / external partnership. Decrease overall expenditure on agency workers through on-going review of agency recruitment, hours worked and rates paid (more closely aligned to job evaluated rate for the job role).	-0.352			

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
54	**Workforce Productivity** Reduction in sickness absence rates and lost opportunity costs. Reduction in staff turn over Implement improved recruitment and selection processes / practices, enhanced and consistent performance management from start of employment lifecycle. Review of terms and conditions of employment. Review of staffing structures aligning with the target operating model.	-1.000			
55	**Fees and Charges** As part of the Transformation Programme, a review of service fees and charges will compare our existing prices with those of other councils across the country, to identify opportunities to maximise income and fully recover costs of delivery. As specific areas of additional income are identified, the related service income budget will be increased.	-0.750	-0.040	-0.040	
56	**Third Party Spend** As part of the Transformation Programme, a review of spend with suppliers will realise savings and drive increased value for money. As specific areas of saving are identified, the related service income budget will be increased.	-3.000	-0.690	-0.540	

*Values represent a +/- variation to the Cheshire East Council approved budget for 2024/25. Subsequent years are the incremental change from the previous year. Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Economy and Growth Committee

Responsibilities of the Committee: Membership: 13 Councillors

1.41. The Economy and Growth Committee will be responsible for developing policies and making decisions on matters relating to delivering inclusive and sustainable economic growth.

1.42. The Committee's responsibilities include:

- Determination of policies and making of decisions in relation to housing management and delivery;
- Determination of policies and making of decisions in relation to economic development, regeneration, skills and growth;
- Development and delivery of the Council's estates, land and physical assets policies;
- Determination of policies and making decisions in relation to the rural and cultural economy; and
- Compulsory purchase of land to support the delivery of schemes and projects promoted by the Committee.

1.43. Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorate of Growth and Enterprise including: Facilities Management; Assets; Farms; Economic Development; Housing; Rural and Cultural Management; Tatton Park; Public Rights of Way; Cultural Economy; Countryside; and the Visitor Economy.

(Extract from Cheshire East Council Constitution - Dec 2024)

Overview

1.44. The proposals seek to address the continuing and challenging financial pressures in the Place Directorate.

1.45. These focus on seeking to address and contain increasing prices and cost inflation as much as possible, and by rationalising the property estate, reducing the energy burden and to reduce and control Facilities Management costs including non-essential maintenance throughout the Council's building portfolio.

1.46. In response to the impact of pay inflation and continuing the savings made to offset it, the focus will continue to address existing employee costs through proactive vacancy management, prioritising statutory services and income generating roles.

1.47. Going forward there is a clear opportunity to address through a restructure plan to better align the related services and management across all of Place, as well as further continuing to explore and identify core efficiencies and restricting aspects of non-essential spend and seek to continue to review contracts.

1.48. Following the decision made by Committee around the future of the Westfields office, Sandbach, the Directorate will continue to progress consolidation and reprofiling of the Council's core property portfolio, and to engage opportunities for additional income regeneration.

1.49. Managing capacity with the prioritisation of resources across all of the Growth and Enterprise department will enable existing capacity to be sustained and seek to provide focus to maximise access to external funding options and programmes such as UK Shared Prosperity Funding

1.50. Full list of change proposals for this committee are noted in the table below.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Economy and Growth	**+0.534**	**+0.695**	**+0.432**	**+0.328**
57	**Office estate rationalisation** This item relates to rationalisation of the Council's office space buildings to reflect increased hybrid working, and to secure reduction of Business Rates and holding costs. Surplus assets will be considered for alternative use to generate income through rental or a capital receipt. Westfields, Sandbach and Municipal Offices, Crewe have been closed in 24/25. Savings will be generated from reduction of expenditure, and income generated from alternative use.	-0.150			
58	**Pension Costs Adjustment** This item relates to pension contributions funded by the Council. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund.	-0.164	-0.313	-0.053	-0.057
59	**Tatton Park ticketing and EPOS upgrade** This relates to maintenance and support of the new electronic point of sale (EPOS) system at Tatton Park which was introduced in September 2024. The new system will future proof both revenue collection, management and financial analysis, and provide better customer insight and targeting capabilities. Streamlining customer transactions will better enable us to maximise revenue at all customer interaction points.	+0.001	+0.001	+0.001	+0.001
60	**CEC Archives** This growth represents the ongoing revenue costs of the new Archives facility being developed in Crewe which is expected to open in late 2026.	+0.014	+0.093	+0.004	
61	**Rural and Visitor Economy Electricity costs** This provides additional funding to manage increased costs. This reflects inflation in the price of materials and the staffing required to maintain a statutory standard of upkeep to existing public rights of way, and to maintain heritage buildings within Tatton Park.	-0.021			
62	**Minimum energy efficiency standards (MEES) - Estates - Revenue Adjustment** All the Council's leased out properties will be required to meet new / phased Energy Efficiency Legislation from 1 April 2023 up to 1 April 2030. This means that to continue to lease out properties the Estates Service will need to improve the energy performance certificate (EPC) rating in line with the Government recommendations. After assessment, and in order to obtain a certificate, identified improvements will need carrying out prior to properties being leased out. Cost estimates are based on average current improvement costs, the list of identified properties requiring	+0.023		-0.055	-0.047

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	new EPC certificates, and phasing as determined by the legislation.				
63	**Pay Inflation** The pay deal agreed for 2024/25 included a pay increase for individuals of the greater of £1,290 or 2.5%. This growth in budget reflects the shortfall compared to the flat percentage budget increase of 3% within original MTFS for 2024/25 now included in 2025/26 budget increase. Plus 2.5% inflation rate for 2025/26 onwards. National Insurance increase for 2025/26 onwards also included (to be offset in part by a grant from central government).	+1.064	+0.429	+0.440	+0.450
64	**Maintenance and operation of new assets in Crewe town centre** New revenue budgets are required to ensure that new facilities / assets / spaces being created in Crewe town centre can be operated and maintained to a reasonable standard to meet user expectations, ensure compliance with statutory requirements and ensure that they are operable for their expected lifespan without the need for closure / removal / replacement.	+0.205	+0.279	+0.118	+0.006
65	**Land Fill Site Assessments Revenue Adjustment - Estates – Review and Risk Assessment of Council owned Landfill sites (53 sites) Review and Risk Assessment completions** The Council must demonstrate safe monitoring and compliance across its property portfolio. The CE Contaminated Land Officer has recommended options following risk assessments on c.53 landfill sites owned by the Council. Essential improvements/ monitoring/management works are essential to understanding and managing risk and demonstrating compliant management.	+0.010			
66	**Tatton Park Estate Dwellings Refurbishment** The current 5-year quinquennial plan for the conservation of Tatton Park covers the upkeep of the residents' dwellings on site but there is no provision for response maintenance issues. Each of the dwellings (8 in total) are in continuing need of attention to rectify problems and additional funding is critical to ensuring these properties meet standards required as part of tenancy agreements and the National Trust lease.	+0.015			
67	**Improving Crewe Rented Housing Standards** To achieve a well-functioning private rented sector that supports the health and wellbeing of Cheshire East residents through improved living standards, it is necessary to carry out targeted activity to inspect homes and carry out enforcement action. This 12-month project will enable us to evidence whether this is sufficient action to avoid the need for a selective licensing scheme.	+0.188	-0.188		
68	**Maximise potential of Countryside Access Management System** Transform the current desk-based system to a digital mobile application and Asset Management database. This will enable cost savings through more efficient planning of works, budget control and Public Rights of Way officer resource. Additional	+0.020	-0.018		

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	environmental benefits will be realised through reduction in officer car usage and printing.				
69	**Assets - building and operational – Energy** A reduction in energy budgets is proposed. A budget increase was requested when energy prices were at peak rates, alongside significantly high inflation rates. The unit price rates for gas and electricity have now stabilised and the Council has been able to mitigate the overall impact, particularly on gas, using green, low carbon technologies energy solutions, as well as an overall reduction in the portfolio as properties are being vacated / sold.	-0.860			
70	**Assets - building and operational – Maintenance** The cost of managing and maintaining the Council's property portfolio continues to rise, with the residual impact of high inflation rates, shortages of skilled labour, availability of key components and material prices, increase the costs of undertaking works. Balancing the condition of premises and overall backlog of maintenance, against available budgets remains a challenge. Cost increases cannot be avoided entirely, and mitigation measures are in place currently to ensure the Council will only spend on maintenance where there is a specific Health and Safety risk that must be mitigated.	+0.465	+0.533		
71	**Tatton Park - Increase Fees and Charges** These planned savings result from income generated through ongoing review and investment in the facilities at Tatton Park, which will improve the visitor experience and reduce the overall subsidy the Council makes to Tatton Park.	-0.126	-0.021	-0.023	-0.025
72	**Corporate Landlord Model Refresh** A review / refresh of the existing corporate landlord operational model is proposed as one of the Council's transformation projects to deliver additional benefits through efficiency savings on a phased programme approach.	-0.050			
73	**Asset Strategy Refresh** A review / refresh of the existing approach to strategic asset management of the Council's land and property assets is proposed as one of the Council's transformation projects. An estimated target of revenue savings is proposed based on a list identified as part of the Capital disposals programme and the repurposing of sites for SEN / Housing framework provisions.	-0.100	-0.100		

*Values represent a +/- variation to the Cheshire East Council approved budget for 2024/25. Subsequent years are the incremental change from the previous year. Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Environment and Communities Committee

Responsibilities of the Committee: Membership: 13 Councillors

1.51. The Environment and Communities Committee is responsible for developing policies and making decisions on matters relating to the delivery of inclusive and sustainable growth, improving the quality of the environment and delivering improvement in key front-line services.

1.52. The Committee's responsibilities include:

- Development and delivery of the Council's strategic objectives for Environmental Management, sustainability, renewables and climate change;
- The development and delivery of the Council's Environment Strategy and Carbon Neutral Action Plan;
- Development and delivery of the Local Development Framework including the Local Plan, Supplementary Planning Documents, Neighbourhood Plans, the Brownfield Land Register, Conservation Areas, Locally Listed Buildings, the Community Infrastructure Levy, and Statement of Community Involvement;
- Regulatory functions including external health and safety good practice and enforcement including instituting proceedings and prosecutions;
- Determination of policies and making decisions, in relation to waste collection and disposal, recycling, fly tipping, parks and green spaces, community strategy and community hub, leisure, libraries and sports development, bereavement services, trading standards, environmental health, emergency planning, CCTV, nuisance and anti-social behaviour, public space protection orders, community enforcement, animal health and welfare, food safety, licensing, pest control, contaminated land and air quality;
- Compulsory purchase of land to support the delivery of schemes and projects promoted by the Committee.

1.53. Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorate of Environment and Neighbourhood, including: the Planning Service; Environmental Services; Regulatory Services; Neighbourhood Services and Emergency Planning.

(Extract from Cheshire East Council Constitution - Dec 2024)

Overview

1.54. The past year has been one of considerable decision and change in Environment and Communities, where significant pressures are further being experienced in a number of areas across the departmental budget.

1.55. Financial pressure continues to be a challenge:

- Waste collection and disposal costs – this is due to inflation across both internal and externally procured prices, uncertainty caused by the lack of clarity around the National Waste Strategy and also the continued high cost of fuel duty which has had a significant impact on fleet running costs.
- Pay inflation – the nationally negotiated pay awards as well as being applicable to Council staff also apply across the wholly owned companies which collectively have large staffing establishments in their own right.

- Planning income – Increased costs of financing development in multiple sectors, has seen an impact on the number of planning applications generating key income. Of applications that are received each year, currently a high percentage of these are not major applications and therefore this impacts through the shortfall of income against target.

1.56. The budget strategy for this area continues to focus on containing prices and cost inflation as much as possible, through amongst other things enhanced financial monitoring, robust procurement activities and alternative ways of working.

1.57. There will be continued alignment to other areas of the Place directorate in providing the response to the impact of pay inflation, the focus will be to seek to offset existing employee costs through proactive vacancy management, prioritising statutory services and ensuring that income generation opportunities are maximised.

1.58. Opportunities through restructuring will continue and seek to address further improvement and alignment of related services and management across all of Place, as well as continuing to explore and identify operational efficiencies in how key frontline services interface.

1.59. The key areas of focus for Environment and Communities will be:

- Continuing to deliver on current MTFS budget commitments such as delivery of stage 2 of the Strategic Leisure Review;
- Development and implementation of a Libraries Strategy;
- Returning existing wholly owned companies;
- Rationalising the increasing costs of waste collection, disposal and treatment and;
- Work to continue to expand commercialisation opportunities to generate additional income for the Council.

1.60. Where appropriate, advance opportunities to work with communities, and specifically Town and Parish Councils to explore options to support, supplement, and contribute to, the delivery of services at a local level.

1.61. Full list of change proposals for this committee are noted in the table below.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Environment and Communities	**-2.741**	**+3.269**	**+0.982**	**+6.792**
74	**Strategic Leisure Review (Stage 2)** The second stage of the Strategic Leisure Review will focus on the medium-term financial sustainability of the commissioned leisure services. This includes, but is not limited to: reviewing pricing for leisure services across the borough; reduction in corporate landlord costs via asset transfer; exploring potential invest to save capital schemes; removing all current programme allocations that cannot be delivered on an invest to save basis; removal of historical subsidies relating to free car parking; use of public health and other one off grants; and partnership working with Town Councils to secure contributions towards safeguarding provisions in their local area.	+0.403	-0.203	-0.166	

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
75	**Libraries Strategy - Stage 1** The ongoing impact of the stage 1 review. As part of the Strategy approved by E&C Committee on 27th November 2024, implementation now ongoing with revised opening hours at Tier 3 sites going live from January 2025 and Tier 2 sites as of 1st April 2025**.**	-0.100			
76	**Reduce revenue impact of carbon reduction capital schemes** Capital financing costs of capital schemes to reduce carbon emissions.	+0.171			
77	**Pay Inflation** The pay deal agreed for 2024/25 included a pay increase for individuals of the greater of £1,290 or 2.5%. This growth in budget reflects the shortfall compared to the flat percentage budget increase of 3% within original MTFS for 2024/25 now included in 2025/26 budget increase. Plus 2.5% inflation rate for 2025/26 onwards. National Insurance increase for 2025/26 onwards also included (to be offset in part by a grant from central government).	+2.270	+1.380	+1.409	+1.436
78	**Pension Costs Adjustment** This item relates to pension contributions funded by the Council. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund.	-0.159	-0.315	-0.053	-0.057
79	**Explore a Trust delivery model for Libraries and other services** Reverse of growth item to cover one off costs relating to implementation of alternative delivery model(s) for libraries service. Aligned to development of Libraries Strategy.	-0.150			
80	**Land Charge Income Adjustment** Due to national legislative changes where some land charges services will be delivered by HM Land Registry, there will a reduction in income to the Council.	+0.147			
81	**Local Plan Review** It is a statutory requirement to review the Local Plan within prescribed timescales. This will determine amongst other things the amount and location of future housing and other economic development in the Borough. It is highly complex requiring significant technical evidence, significant public consultation and three stages of formal examination by Government inspectors.	+0.315	-0.090	+0.005	-0.005
82	**Review of CCTV service - service efficiencies and income generation from existing services** Opportunities for additional income generation – the £40,000 saving in 2025/26 is a current estimate subject to additional service improvements / investment.	-0.040			

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
83	**Environmental Services Growth 2025/26 onwards** This line recognises the pressures expected within the service from waste volumes, varying recycling income rates, increased costs of service change relating to weekly food waste collections, increased costs of operating the Environmental Hub, fleet etc.	+3.041	+1.882	+0.690	+0.710
84	**Environmental Services Savings 2025/26 onwards** This growth recognises the savings expected within the service from annual increases in income e.g. green waste, expected transition grants for weekly food waste, efficiencies due to the change of delivery model for currently commissioned services	-2.366	-2.580	-1.181	-0.549
85	**Environmental Services Growth - Pensions** This item is to bring the service budgets for all staffing up to the same point regarding pension contributions. This has a net nil impact for the Council as a whole.	+0.727	-0.395	-0.066	-0.071
86	**Environmental Services – expected income from Extended Producer Responsibility for packaging** Estimated grant income from the new scheme which tapers out over the life of the MTFS as the scheme is expected to evolve and waste tonnages change. The detail is based on the announcements made at the end of November 2024 and a detailed forecast model of potential future years impacts, to be regularly reviewed. At this stage the allocation of £7.5m has been split between this line and the "Environmental Services Savings 2025/26 onwards" line above.	-7.000	+3.590	+0.344	+5.328

*Values represent a +/- variation to the Cheshire East Council approved budget for 2024/25. Subsequent years are the incremental change from the previous year. Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Highways and Transport Committee

Responsibilities of the Committee: Membership: 13 Councillors

1.62. The Highways and Transport Committee shall be responsible for developing policies and making decisions on matters relating to highways and transport as they affect the area of the Council taking into account regional and national influences.

1.63. The Committee's responsibilities include:

- Formulation, co-ordination and implementation of corporate policies and strategies in connection with all car parking, transport and accessibility matters;
- Determination of any matter affecting the Council's interests in relation to national infrastructure matters, for example HS2, Northern Powerhouse Rail and the National Road Network;
- Discharge of the Council's responsibilities as Highway Authority; local transport authority; parking authority; and lead local flood authority;
- Determination of policies and making decisions in relation to flooding and accessibility, in co-ordination with the Scrutiny Committee;
- Compulsory purchase of land to support the delivery of schemes and projects promoted by the Committee; and
- In respect of public rights of way:
    - discharge all the functions of the Council in relation to public rights of way (except the determination of non-contentious Public Path Order applications which has been delegated to the Executive Director – Place);
    - discharge of Commons and Town and Village Greens functions;
    - being apprised of, approve, and comment on a range of policies, programmes and practices relating to Rights of Way, Commons, Town and Village Greens and countryside matters including:
    - progress reports on implementation of the Rights of Way Improvement Plan (part of the Annual Progress Review for the Local Transport Plan);
    - Statement of Priorities;
    - Enforcement Protocols;
    - Charging Policy for Public Path Order applications.

1.64. Oversight, scrutiny, reviewing outcomes, performance, budget monitoring and risk management of the Directorate of Highways and Infrastructure including: Transport Policy; Transport Commissioning; Carparking; Highways; Infrastructure and HS2.

(Extract from Cheshire East Council Constitution - Dec 2024)

Overview

1.65. The proposals identified in this area provide an ongoing response to seek to address the continuing financial pressures in the Place Directorate.

1.66. The Highways and Transport department has responsibility for a number of key service areas with the overall aim of providing a safe, available, integrated and sustainable transport network across Cheshire East and the wider region. Delivering this meets the Council's statutory duties to manage and maintain transport infrastructure, supports the economic growth of the borough and contributes to the Council's net zero climate commitment.

1.67. Highway maintenance services are almost entirely either statutory or essential to delivering statutory obligations. The service is significantly affected by the revenue impact of a shortfall in capital investment; reductions to either revenue or capital will have downstream consequences in revenue costs and may risk statutory compliance. The proposed business cases therefore go towards ensuring that those revenue implications are met.

1.68. In response to the impact of pay inflation and continuing the savings made last year to offset it, the focus will continue to address existing employee costs through proactive vacancy management, prioritising statutory services and income generating roles.

1.69. Going forward there is a clear opportunity to address through a restructure plan to better align the related services and management across all of Place, as well as further continuing to explore and identify core efficiencies and restricting aspects of non-essential spend and seek to continue to review contracts.

1.70. To support the Council's underlying financial pressures a number of cost saving proposals are being consulted upon, which aim to provide the financial base to enable the continued support and retention of core local services

1.71. Full list of change proposals for this committee are noted in the table below.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Highways and Transport	**+1.061**	**+0.152**	**+0.068**	**+0.030**
87	**Increase parking charges** This item relates to the extension of parking charges to formerly free car parks and the adoption of a policy to increase parking tariffs annually in line with inflation.	-0.450	-0.186	-0.191	-0.197
88	**Safe Haven outside schools (Parking)** This items relates to the annual cost of licences for the enforcement of Keep Clear zones at school gates using ANPR cameras.	+0.010			
89	**Parking PDA / Back Office System contract - fall out of one off set up cost** This saving relates to the cost efficiencies arising from procurement of a new system to manage the electronic payments for parking and the processing of Penalty Charge Notices.	-0.030			
90	**Parking - Part-year effect of strategy changes** This item relates to the impact (part year) of recent changes to the arrangements for Pay and Display car parking in formerly "free towns" across the borough.	-0.720			
91	**Parking - Staff and member parking** The Council expects to achieve savings in the costs of staff and member parking permits through changes to the policies on	-0.250			

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	issuing permits to provide better alignment with the Corporate Travel Plan.				
92	**Transport and Infrastructure Strategy Team – Restructure** This item relates to the saving arising from changes to the Strategy Teams, which fill existing staff vacancies and reduce reliance on agency consultancy staff. The approach is intended to improve organisational capacity for transport planning, improving responsiveness and resilience.		-0.150		
93	**Local Bus** This growth relates to the expected changes in the Councils costs of procuring contracts for local supported bus routes, which are expected to be impacted by cost inflation arising from higher operating costs, staff and fuel. The expected pressure is £1.5m above existing budgets of £2.8m.	+1.545			
94	**FlexiLink Service Improvement Plan - invest to save** This item relates to the Council's plans to extend and modernise its demand-responsive transport service – FlexiLink. Investment is needed to adopt a new digital booking system, a dynamic route planning system and modern customer information and publicity. Introduction of fares will lead to the new services generating income in future years.	+0.592	+0.294	-0.003	-0.135
95	**Advertising Income. Initial project scoping work being undertaken to understand scale/complexity and resourcing needs** Maximise opportunities to sell targeted advertising through use of Council assets, focusing on high value opportunities. This includes Bus Stop advertising.	-0.025	-0.075	-0.050	
96	**Pension Costs Adjustment** This item relates to pension contributions funded by the Council. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund.	-0.055	-0.108	-0.018	-0.020
97	**Pay Inflation** The pay deal agreed for 2024/25 included a pay increase for individuals of the greater of £1,290 or 2.5%. This growth in budget reflects the shortfall compared to the flat percentage budget increase of 3% within original MTFS for 2024/25 now included in 2025/26 budget increase. Plus 2.5% inflation rate for 2025/26 onwards. National Insurance increase for 2025/26 onwards also included (to be offset in part by a grant from central government).	+0.228	+0.111	+0.114	+0.117
98	**Flood and Water Management Act 2010 SuDS and SABs Schedule 3 Implementation** The introduction of Schedule 3 mandates local authorities in England to establish SuDS (Sustainable Drainage Systems) Approval Bodies (SABs) for approving and adopting sustainable		+0.050	+0.050	+0.100

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	drainage systems. To prepare, the Council, as Lead Local Flood Authority (LLFA) needs to grow and train the team and other services staff in preparation for the additional duties, responsibilities and processes this will bring.				
99	**Highways: Revenue Service** This provides investment in highway infrastructure that will arrest the deterioration of the asset. This will reduce costs of reactive maintenance, improve safety and reduce risks of significant incidents. It will also control revenue budget pressures and work towards addressing customer dissatisfaction. Subject to capital investment being available**.**	+0.216	+0.216	+0.216	+0.216
100	**Highways: Depots** The highways depots need investment to reduce the risk that facilities could be unusable for reactive and winter maintenance. Investment will enable some operational efficiencies, providing winter service resilience and a reduction in highways depots from 3 to 2, delivering a capital receipt.			-0.050	-0.051

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Finance Sub Committee (central budgets)

Responsibilities of the Committee: Membership: 8 Councillors

1.72. The Finance Sub-Committee will co-ordinate the management and oversight of the Council's finances, performance and corporate risk management arrangements. The Sub-Committee will make recommendations to the Corporate Policy Committee regarding the development of the Medium-Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.

1.73. The Sub-Committee's responsibilities include:

- Determination of finance issues, including but not limited to Treasury Management, Insurance, Procurement, debt write off, settlement payments and virements in line with the constitution.
- Establishment of a Procurement Forward Plan.
- Oversight of the Investment Strategy.
- Grant awards for sums in excess of £50,000.
- Property transactions including buying selling and appropriation of land and property (including compulsory purchase where required).
- Management of the Council's involvement in ASDVs and overseeing the production of an Annual Report on performance.
- Making decisions as Shareholder or owner, reviewing and approving Business plans, including risk registers and commissioning services.

1.74. Oversight, scrutiny and budgetary review of the following functions: Land and Property; Central Budgets; Pensions; Grants; Council Tax; Business Rates; Reserves; and Other Funding.

(Extract from Cheshire East Council Constitution - Dec 2024)

Overview

1.75. Central budgets and general Council funding are not specifically related to services that residents use but are important in resourcing the overall budget. The following proposals in the next two tables relate to Council borrowing, investments and forecast income from general grants and local taxation.

1.76. Full list of change proposals for this committee are noted in the tables below.

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Finance Sub (central budgets)	**+35.294**	**+26.123**	**+17.082**	**+13.104**
101	**Capital Financing - Minimum Revenue Provision** The revenue impact of capital spending also results in annual spending. Inflation, high interest rates on borrowing, including the	+3.387	+3.719	+3.102	+1.388

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	interest that the Council is paying for holding the Dedicated Schools Grant deficit on the balance sheet (£5.6m) and an ambitious capital programme results in increased need for annual revenue.				
102	**Creation of Contingency Budget** The aim is to maintain this annual contingency budget over the medium term at 1.5% of the net revenue budget plus other known risks.	+15.953	+14.908	+11.922	+12.926
103	**Risk of unachievable budget savings or growth demands exceeding estimates** The risk of underachievement of savings targets grows as more and more challenging savings are included in the budget setting. Setting aside a risk budget based on a percentage of the savings identified in any given year is prudent (currently 10%).		+3.800	-1.840	-1.210
104	**Pension adjustment – linked to E&C growth item** This item is to bring the service budgets for all staffing up to the same point regarding pension contributions. This has a net nil impact for the Council as a whole.	-0.727			
105	**Use of Earmarked Reserves (reversal of 2024/25 one off use of central EMRs)** Reversal of the planned one-year use of central earmarked reserves budgeted to be used in 2024/25.	+3.723			
106	**Top up of Earmarked Reserves** Top up of the Insurance and PFI earmarked reserves each year from 2027/28. See **Annex 8** Reserves Strategy for further information.			+3.898	
107	**Use of General Reserves (reversal of one off use in 2024/25)** Reversal of the planned one-year use of General Reserves budgeted to be used in 2024/25.	+11.654			
108	**Top up General Reserves** This is a planned annual contribution to General Reserves to replenish up to a minimum target of £20m by the end of the medium term.	+1.304	+3.696		

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Finance Sub Committee (funding budgets)

MTFS Ref No	Detailed List of Proposed Budget Changes (incremental)	2025/26 £m*	2026/27 £m	2027/28 £m	2028/29 £m
	Finance Sub (funding budgets)	**-26.664**	**-15.285**	**-19.391**	**-20.515**
109	**Council Tax increase % growth**. Council Tax currently provides 76% of the net funding for Council services and is paid by occupiers and owners of domestic property within the borough. The MTFS includes increases of 4.99% in every year from 2025/26 to 2028/29.	-14.326	-15.290	-16.204	-17.214
110	**Council Tax increase base growth**. The Council Taxbase is increasing each year due to ongoing housing development. The calculation of additional Council Tax from the growth in the taxbase also reflects any changes in discounts, exemptions, premiums and Council Tax Support. The increase in housing numbers in the MTFS is currently forecast to be 2,000 in 2025/26 and 1,800 each year thereafter to fall back in line with the Local Plan estimates.	-5.852	-3.037	-3.187	-3.301
111	**Business Rates Retention** This value relates to the inflationary increase due to be received as part of the Settlement Funding Assessment (part of the Provisional Local Government Finance Settlement December 2024).	-0.495			
112	**Unringfenced general grants change**. See **Annex 3** for detailed breakdown of all unringfenced general purpose grants.	-3.012	+3.042		
113	**National Insurance increase contribution**. Grant income estimated to help towards the direct costs associated with the increase in employers National Insurance from April 2025. Final allocations will be announced as part of the Final Local Government Settlement in February 2025. Direct costs have been estimated to be c.3.7m	-2.979			

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Balancing the Budget 2025/26

1.77. An urgent report was received by full Council on 11 December 2024, which was necessitated following a request from the Ministry of Housing, Communities and Local Government (MHCLG) received on 4 December 2024 to submit a formal request and supporting evidence for any Exceptional Finance Support (EFS) for future years by Friday 13 December 2024. At the same time, any revisions to previous in-principle decisions also needed to be submitted for the current year. The ask at that time was £31.4m for 2025/26.

1.78. The revised gap for 2025/26 of £25.3m contained in Table 1 Section 1 now revises the Exceptional Financial Support required for 2025/26 down by £6.1m. The paper also gave delegated permission to the Section 151 Officer to liaise with MHCLG on any changes following the finance settlement and other funding announcements which she will continue to do to advise them of the changes.

1.79. The use of Exception Financial Support is included within this report based on it being in the form of a capitalisation direction.

1.80. However, as well as being in the form of a capitalisation direction, Exceptional Financial Support could also take the form of increased Council Tax above the current referendum limit of 4.99%.

1.81. As part of the recent Policy Statement from central government, it was announced that, where a council is in need of Exceptional Financial Support and views additional Council Tax increases as critical to maintaining their financial sustainability, the government will continue to consider requests for bespoke referendum principles. Local proposals will be considered on a case-by-case basis. In considering any requests, the government will take account of councils' specific circumstances, for example their existing levels of Council Tax relative to the average, the potential impact on local taxpayers, and the strength of plans to protect vulnerable people.

1.82. Cheshire East Council wrote to the Ministry of Housing, Communities and Local Government on 14 January requesting permission to propose the option of increasing Council Tax above the referendum limit set by government.

1.83. The Council is asking for permission, under arrangements for Exceptional Financial Support, to propose an increase of up to 9.99%. This is 5% higher than the 4.99% increase or 'referendum limit', as set out by government in the local government finance policy statement 2025 to 2026.

1.84. This option, if granted, will be considered by full Council at the meeting on 26 February 2025.

1.85. Further balancing options during 2025/26:

- Use of available Capital Receipts – consideration will be given to the available capital receipts, over and above the £1m already included in the budget for 2025/26, and their utilisation to support either Transformational activities (revenue or capital) and/or to fund the costs of Exceptional Financial Support.
- Further identification of savings or generation of income to further reduce the forecast requirement for use of EFS in 2025/26 and 2026/27.

Capital Budget 2025/26

1.86. Summary Capital Programme for 2025/26:

Table 14

CAPITAL PROGRAMME 2025/26			
	Committed Schemes Budget 2025/26 £000	**New Scheme Proposals Budget 2025/26 £000**	**Total Budget 2025/26 £000**
Adults and Health	389	0	389
Children and Families	37,723	0	37,723
Corporate Policy	6,389	6,356	12,745
Economy & Growth	35,629	1,758	37,387
Environment & Communities	18,383	7,580	25,963
Highways & Transport	58,048	8,147	66,195
	98,513	**15,694**	**114,207**
Indicative Funding Analysis:			
Government Grants	91,140	7982	99,122
External Contributions	14,832	1483	16,315
Revenue Contributions	389	6097	6,486
Capital Receipts	731	0	731
Prudential Borrowing	49,469	8,279	57,748
	156,561	**23,841**	**180,402**

1.87. The above table includes new scheme proposals which will be reviewed by the Capital Programme Board in early February and may alter before going forward to full Budget Council on 26 February 2025.

1.88. The spend profile for Carbon Neutral schemes will also be updated prior to Budget Council to align with the Council's Carbon Neutral target of 2030.

1.89. A Summary Table of the new scheme proposals by Committee will be added here for the versions for Full Budget Council version – The schemes are currently included in **Annex 5, Annex A** for reference.

Capital Receipts Forecast

1.90. The table below sets out the latest prudent forecast for future year capital receipts based on the disposal programme. It allows for some slippage /timing differences around actual receipts and adjustments for receipts already included in the currently approved MTFS 2024/25 either within the Capital programme or as part of the Capital Financing Budget. As part of the strategic approach to balancing the 2025/26 budget and MTFS for 2025/26-2028/29, consideration will be given to the available capital receipts and their utilisation to support.

- Investment of transformational activities (e.g. revenue growth)
- Funding Exceptional Financial Support costs – instead of additional borrowing – as set out in the Recommendations in the cover report.
- Invest to save capital projects (e.g. Transformation)

Table 15 Forecast – Prudent View	2025/26 £m	2026/27 £m	2027/28+ £m
Forecast (Prudent view)	9.07	10.94	12.75
Already included in MTFS / Capital Programme	(2.25)	(2.75)	(5.0)
Additional Receipts Forecast	**6.82**	**8.19**	**7.75**

Annex 1 – Cheshire East Plan 2024/25

<table>
<tr><th colspan="3">Vision</th></tr>
<tr><td colspan="3">An open, fairer, greener Cheshire East</td></tr>
<tr><th colspan="3">Aims</th></tr>
<tr><th>Aim 1 - An open and enabling organisation</th><th>Aim 2 - A council which empowers and cares about people</th><th>Aim 3 - A thriving and sustainable place</th></tr>
<tr><td>We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East.</td><td>We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents.</td><td>We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development.</td></tr>
<tr><th colspan="3">Priorities</th></tr>
<tr><td>P1.1) Ensure that there is transparency in all aspects of council decision making
P1.2) Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
P1.3) Support a sustainable financial future for the council, through service development, improvement and transformation
P1.4) Look at opportunities to bring more income into the borough
P1.5) Support and develop our workforce to be confident, motivated, innovative, resilient and empowered
P1.6) Promote and develop the services of the council through regular communication and engagement with all residents</td><td>P2.1) Work together with residents and partners to support people and communities to be strong and resilient
P2.2) Reduce health inequalities across the borough
P2.3) Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
P2.4) Be the best Corporate Parents to our children in care
P2.5) Support all children to have the best start in life
P2.6) Increase opportunities for all children and young adults with additional needs
P2.7) Ensure all children have a high quality, enjoyable education that enables them to achieve their full potential
P2.8) Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services</td><td>P3.1) A great place for people to live, work and visit
P3.2) Welcoming, safe and clean neighbourhoods
P3.3) Reduce impact on the environment
P3.4) A transport network that is safe and promotes active travel
P3.5) Thriving urban and rural economies with opportunities for all
P3.6) Be a carbon neutral council by 2027</td></tr>
</table>

Annex 2 – Financial Summary Tables (Revenue)

The 2024/25 Budget, shown as the starting point for the following tables, takes account of any permanent changes made during the 2024/25 financial year to date. There may be differences from the budget position in the 2024/25 Third Financial Review Update which includes both permanent and temporary one year budget changes. The table below summarises these changes. Further details are available on request.

	2024/25 Net Revised Budget £000	Less 2024/25 Temporary Grant Budgets £000	Other Budget Amendments £000	2025/26 Base Budget £000
ADULTS AND HEALTH				
Adult Social Care - Operations	138,260	(14)		138,245
Commissioning	(290)			(290)
Public Health	-			-
	137,969	(14)	-	137,955
CHILDREN AND FAMILIES *				
Directorate	440			440
Children's Social Care	57,197	(8)		57,189
Prevention & Early Help	8,871		(1,593)	7,278
Education & 14-19 Skills	26,539	(324)	(2,491)	23,724
	93,047	(332)	(4,084)	88,631
CORPORATE POLICY *				
Directorate	1,488			1,488
Finance & Customer Services	12,138		(20)	12,118
Governance and Compliance Services	10,866	(39)		10,827
Communications	689			689
HR	2,394			2,394
ICT	12,364		(123)	12,241
Policy and Change	1,952			1,952
	41,891	(39)	(143)	41,708
ECONOMY AND GROWTH				
Directorate	705		(419)	286
Growth & Enterprise	27,575		47	27,621
	28,280	-	(373)	27,908
ENVIRONMENT AND COMMUNITIES				
Environment & Neighbourhood Services	48,401		41	48,443
	48,401	-	41	48,443
HIGHWAYS AND TRANSPORT				
Highways & Infrastructure	16,005		(165)	15,840
	16,005	-	(165)	15,840
TOTAL SERVICE BUDGET	**365,593**	**(386)**	**(4,723)**	**360,484**

*This table reflects the structure at the Third Financial Review for Children and Families and Corporate Policy Committee. These has now been revised and the budgets have been reallocated over the areas set out in the tables below

	2024/25 Net Revised Budget £000	Less 2024/25 Temporary Grant Budgets £000	Other Budget Amendments £000	2025/26 Base Budget £000
FINANCE SUB CENTRAL BUDGETS				
Capital Financing	31,652			31,652
Capital Receipts	(1,000)			(1,000)
Other Income/Expenditure	(5)		6	1
Credit Losses	(50)			(50)
Contribution to / from Reserves	(17,151)		1,774	(15,377)
	13,446	-	1,780	15,226
TOTAL BUDGET	**379,039**	**(386)**	**(2,944)**	**375,710**
FINANCE SUB CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(64,611)		7,984	(56,627)
Specific Grants	(32,382)	386		(31,997)
Council Tax	(282,046)		(5,040)	(287,086)
TOTAL CENTRAL BUDGETS FUNDING	(379,039)	386	2,944	(375,710)
FUNDING POSITION	-	-	-	-

CHESHIRE EAST COUNCIL - Summary — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Directorate	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Adults and Health Committee	250,877	-91,428	**159,449**	**157,245**	**158,761**	**160,241**
Children and Families Committee	107,313	-10,025	**97,288**	**97,224**	**97,023**	**96,765**
Corporate Policy Committee	108,602	-65,814	**42,788**	**47,184**	**49,074**	**50,559**
Corporate Policy Committee - Council Wide Transformation Savings	-12,702	-750	**-13,452**	**-34,182**	**-45,212**	**-45,212**
Economy and Growth Committee	38,144	-9,703	**28,441**	**29,136**	**29,568**	**29,896**
Environment and Communities Committee	68,964	-23,263	**45,701**	**48,970**	**49,952**	**56,744**
Highways and Transport Committee	28,370	-11,469	**16,901**	**17,053**	**17,121**	**17,151**
Total Service Budgets	**589,568**	**-212,452**	**377,116**	**362,630**	**356,287**	**366,144**
Finance Sub Committee	54,012	-3,492	**50,520**	**76,643**	**93,725**	**106,829**
Total Cost of Service	**643,580**	**-215,944**	**427,636**	**439,273**	**450,012**	**472,973**
	Policy Proposals included above					
Policy Proposals						
Adults and Health Committee	26,896	-5,402	**21,494**	**-2,204**	**1,516**	**1,480**
Children and Families Committee	9,374	-715	**8,659**	**-64**	**-201**	**-258**
Corporate Policy Committee	1,550	-472	**1,078**	**4,396**	**1,890**	**1,485**
Corporate Policy Committee - Council Wide Transformation Savings	-12,702	-750	**-13,452**	**-20,730**	**-11,030**	
Economy and Growth Committee	660	-126	**534**	**695**	**432**	**328**
Environment and Communities Committee	5,978	-8,720	**-2,742**	**3,269**	**982**	**6,792**
Finance Sub Committee	35,294		**35,294**	**26,123**	**17,082**	**13,104**
Highways and Transport Committee	2,496	-1,435	**1,061**	**152**	**68**	**30**
Financial Impact of Policy Proposals	**69,546**	**-17,620**	**51,926**	**11,637**	**10,739**	**22,961**

ADULTS and HEALTH COMMITTEE - Summary — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Directorate	515	-8,379	**-7,864**	**-7,863**	**-7,851**	**-7,839**
Adult Social Care Operations	214,610	-47,056	**167,554**	**165,325**	**166,644**	**167,924**
Commissioning	17,407	-17,648	**-241**	**-217**	**-32**	**156**
Public Health	18,345	-18,345	**0**			
Total Cost of Service	**250,877**	**-91,428**	**159,449**	**157,245**	**158,761**	**160,241**

	Policy Proposals included above					
Policy Proposals						
Directorate	20	-220	**-200**	**1**	**12**	**12**
Adult Social Care Operations	26,827	-5,182	**21,645**	**-2,229**	**1,319**	**1,280**
Commissioning	49		**49**	**24**	**185**	**188**
Public Health			**0**			
Financial Impact of Policy Proposals	**26,896**	**-5,402**	**21,494**	**-2,204**	**1,516**	**1,480**

ADULTS and HEALTH - Directorate — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Directorate	515	-8,379	**-7,864**	**-7,863**	**-7,851**	**-7,839**
Pay Inflation			**0**			
Total Cost of Service	**515**	**-8,379**	**-7,864**	**-7,863**	**-7,851**	**-7,839**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Pay Inflation (5)	26		**26**	**13**	**14**	**14**
Pensions Cost Adjustment (3)	-6		**-6**	**-12**	**-2**	**-2**
Revenue Grants for Adult Social Care (2)		-220	**-220**			
Financial Impact of Policy Proposals	**20**	**-220**	**-200**	**1**	**12**	**12**

ADULTS and HEALTH - Adult Social Care Operations — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Care4CE	22,261	-4,343	**17,918**	**17,970**	**18,399**	**18,836**
Community Care – Locality Teams	118,388	-36,254	**82,134**	**80,714**	**81,229**	**81,715**
Community Care – Short Term Intervention	2,840	-22	**2,818**	**2,826**	**2,894**	**2,963**
Adult Social Care Operations	446	-1,284	**-838**	**-836**	**-825**	**-814**
Mental Health and Learning Disability	69,057	-5,102	**63,955**	**63,080**	**63,346**	**63,593**
Adult Safeguarding	1,618	-51	**1,567**	**1,570**	**1,600**	**1,630**
Pension Costs Adjustment			**0**			
Total Cost of Service	**214,610**	**-47,056**	**167,554**	**165,324**	**166,643**	**167,923**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Funding the staffing establishment (6)	3,800		**3,800**			
Pay Inflation (5)	1,811		**1,811**	**918**	**941**	**965**
Pensions Cost Adjustment (3)	-416		**-416**	**-821**	**-138**	**-149**
Demand in Adult Social Care (4)	5,000		**5,000**	**5,000**	**5,000**	**5,000**
Fully Funding current care demand levels 2024/25 (7)	24,500		**24,500**			
Prevent, Reduce, Enable - Older People (9)	-1,500		**-1,500**	**-2,830**	**-2,830**	**-2,830**
Learning Disability service transformation (10)	-2,500		**-2,500**	**-2,500**		
Commissioning and brokerage transformation (11)	-500		**-500**	**-250**		
Preparing for Adulthood (12)	-868		**-868**	**-868**		
Health and Social Care Partnership Case Review (13)	-2,500		**-2,500**			
Client Contributions (1)		-5,182	**-5,182**	**-879**	**-1,654**	**-1,706**
Financial Impact of Policy Proposals	**26,827**	**-5,182**	**21,645**	**-2,230**	**1,319**	**1,280**

ADULTS and HEALTH - Commissioning — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Communities and Integration	3,380	-160	**3,220**	**3,230**	**3,308**	**3,387**
Integrated Commissioning - MH, LD & Families	833		**833**	**836**	**857**	**877**
Integrated Commissioning - Thriving & Prevention	2,897	-1,474	**1,423**	**1,427**	**1,457**	**1,488**
Integrated Urgent Care	10,297	-16,014	**-5,717**	**-5,710**	**-5,654**	**-5,596**
Total Cost of Service	**17,407**	**-17,648**	**-241**	**-217**	**-32**	**156**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Pay Inflation (5)	414		**414**	**210**	**216**	**221**
Pensions Cost Adjustment (3)	-95		**-95**	**-186**	**-31**	**-33**
Remodel extra care housing catering service (8)	-270		**-270**			
Financial Impact of Policy Proposals	**49**	**0**	**49**	**24**	**185**	**188**

ADULTS and HEALTH - Public Health — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Health Improvement	394		**394**	**394**	**394**	**394**
Infection Prevention & Control	354		**354**	**354**	**354**	**354**
Joint Strategic Needs Assessment	246		**246**	**246**	**246**	**246**
Public Health	17,351	-18,345	**-994**	**-994**	**-994**	**-994**
Total Cost of Service	**18,345**	**-18,345**	**0**	**0**	**0**	**0**
	Policy Proposals included above					
Policy Proposals						
Financial Impact of Policy Proposals	**0**	**0**	**0**	**0**	**0**	**0**

CHILDREN and FAMILIES COMMITTEE - Summary — REVENUE BUDGET

Service Area	Budget including Policy Proposals 2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Directorate	6,321	-1,055	**5,266**	**5,439**	**5,408**	**5,793**
Family Help and Children's Social Care	61,865	-1,448	**60,417**	**58,632**	**57,986**	**57,343**
Education, Strong Start and Integration	36,365	-7,491	**28,874**	**30,422**	**30,898**	**30,898**
Commissioning, QA and Partnerships	2,762	-31	**2,731**	**2,731**	**2,731**	**2,731**
Total Cost of Service	**107,313**	**-10,025**	**97,288**	**97,224**	**97,023**	**96,765**

Policy Proposals	Policy Proposals included above: Expenditure £000	Income £000	Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Directorate	5,661	-835	**4,826**	**173**	**-31**	**385**
Family Help and Children's Social Care	1,894		**1,894**	**-1,785**	**-646**	**-643**
Education, Strong Start and Integration	1,814	120	**1,934**	**1,548**	**476**	
Commissioning, QA and Partnerships	5		**5**			
Financial Impact of Policy Proposals	**9,374**	**-715**	**8,659**	**-64**	**-201**	**-258**

CHILDREN and FAMILIES - Directorate — REVENUE BUDGET

Service Area	Budget including Policy Proposals 2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Directorate	660	-220	**440**	**440**	**440**	**440**
Children's Social Care Prevention Grant	835	-835	**0**			
Funding the staffing establishment	2,739		**2,739**	**2,739**	**1,739**	**1,139**
Pension Costs Adjustment	-537		**-537**	**-1,460**	**-1,615**	**-1,782**
Pay Inflation (17)	2,624		**2,624**	**3,720**	**4,844**	**5,996**
Total Cost of Service	**6,321**	**-1,055**	**5,266**	**5,439**	**5,408**	**5,793**

Policy Proposals (Reference relates to Section 2 of MTFS)	Policy Proposals included above: Expenditure £000	Income £000	Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Children's Social Care Prevention Grant - Expenditure (30)	835		**835**			
Children's Social Care Prevention Grant - Grant Income (31)		-835	**-835**			
Funding the staffing establishment (24)	2,739		**2,739**		**-1,000**	**-600**
Pension Costs Adjustment (14)	-537		**-537**	**-923**	**-155**	**-167**
Pay Inflation (17)	2,624		**2,624**	**1,096**	**1,124**	**1,152**
Financial Impact of Policy Proposals	**5,661**	**-835**	**4,826**	**173**	**-31**	**385**

CHILDREN and FAMILIES - Family Help and Children's Social Care

REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Cared for Children	9,725	-788	**8,937**	**8,985**	**9,033**	**9,081**
Children in Need, Child Protection and Children with Disabilities	11,621	-633	**10,988**	**10,988**	**10,988**	**10,988**
Children Social Care	2,081		**2,081**	**2,248**	**2,279**	**2,313**
Preventative Services	3,440		**3,440**	**3,440**	**3,440**	**3,440**
Provider Services and Fostering	33,523	-27	**33,496**	**32,796**	**32,796**	**32,796**
Fully Funding current care demand levels 2024/25	3,295		**3,295**	**3,295**	**3,295**	**3,295**
Birth to Thrive	-500		**-500**	**-500**	**-500**	**-500**
Right Child, Right Home	-1,320		**-1,320**	**-2,620**	**-3,345**	**-4,070**
Total Cost of Service	**61,865**	**-1,448**	**60,417**	**58,632**	**57,986**	**57,343**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Growth to deliver statutory Youth Justice service, and meet Safeguarding Partnership duties (15)	198		**198**	**167**	**31**	**34**
Fully Funding current care demand levels 2024/25 (18)	3,295		**3,295**			
Court Progression Improvement (19)	23		**23**			
Growth for annual contribution to the Regional Adoption Agency (20)	213		**213**	**48**	**48**	**48**
Growth for Unaccompanied Asylum Seeking Children due to emerging pressures (21)	500		**500**			
New accommodation with support offer for 16-25 young people (26)	-1,100		**-1,100**	**-700**		
Birth to Thrive (27)	-500		**-500**			
Right Child, Right Home (28)	-1,320		**-1,320**	**-1,300**	**-725**	**-725**
Foster4 (32)	114		**114**			
Foster Carers uplift of National Minimum Allowance (NMA) (33)	471		**471**			
Financial Impact of Policy Proposals	**1,894**	**0**	**1,894**	**-1,785**	**-646**	**-643**

CHILDREN and FAMILIES - Education, Strong Start and Integration

REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Children Prevention and Support	5,475	-5,300	**175**	**175**	**175**	**175**
Early Start	1,876	-87	**1,789**	**1,789**	**1,789**	**1,789**
Education and 14-19 Skills	3,009	-1,200	**1,809**	**1,809**	**1,809**	**1,809**
Education Infrastructure and Outcomes	1,066	-670	**396**	**396**	**396**	**396**
Education Participation and Pupil Support	19,544	-159	**19,385**	**20,933**	**21,409**	**21,409**
Educational Psychologists	1,766	-75	**1,691**	**1,691**	**1,691**	**1,691**
Special Educational Needs and Disabilities	3,629		**3,629**	**3,629**	**3,629**	**3,629**
Total Cost of Service	**36,365**	**-7,491**	**28,874**	**30,422**	**30,898**	**30,898**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Growth in School, SEND and Social Care Transport budget (16)	1,501		**1,501**	**1,548**	**476**	
Reversal of a one year policy change for traded		120	**120**			
Schools Improvement (23)	175		**175**			
Safe Walking Routes to School (25)	-250		**-250**			
Extended Rights to Free Transport (29)	388		**388**			
Financial Impact of Policy Proposals	**1,814**	**120**	**1,934**	**1,548**	**476**	**0**

CHILDREN and FAMILIES - Commissioning, QA and Partnerships

REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Childrens Improvement and Development	394		**394**	**394**	**394**	**394**
Childrens Social Care - Safeguarding	2,148	-31	**2,117**	**2,117**	**2,117**	**2,117**
Improvement & Quality Assurance	220		**220**	**220**	**220**	**220**
Total Cost of Service	**2,762**	**-31**	**2,731**	**2,731**	**2,731**	**2,731**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Growth to deliver statutory Youth Justice service, and meet Safeguarding Partnership duties (15)	5		**5**			
Financial Impact of Policy Proposals	**5**	**0**	**5**	**0**	**0**	**0**

CORPORATE POLICY COMMITTEE - Summary — REVENUE BUDGET

Service Area	Budget including Policy Proposals 2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Resources (Finance)	58,887	-47,831	**11,056**	**11,296**	**11,680**	**12,074**
Governance and Compliance Services	15,499	-4,155	**11,344**	**11,623**	**12,073**	**12,532**
Resources (People)	6,022	-461	**5,561**	**5,662**	**5,854**	**6,050**
Resources (Digital)	24,414	-12,719	**11,695**	**15,398**	**16,122**	**16,417**
Assistant Chief Executive	3,980	-848	**3,132**	**3,205**	**3,345**	**3,486**
Total Cost of Service	**108,802**	**-66,014**	**42,788**	**47,184**	**49,074**	**50,559**

Policy Proposals (Policy Proposals included above)	Expenditure £000	Income £000	Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Resources (Finance)	1,440	-77	**1,363**	**240**	**384**	**394**
Governance and Compliance Services	393	-395	**-2**	**279**	**450**	**459**
Resources (People)	176		**176**	**101**	**192**	**196**
Resources (Digital)	-570		**-570**	**3,703**	**724**	**295**
Assistant Chief Executive	111		**111**	**73**	**140**	**141**
Financial Impact of Policy Proposals	**1,550**	**-472**	**1,078**	**4,396**	**1,890**	**1,485**

CORPORATE POLICY - Resources (Finance) — REVENUE BUDGET

Service Area	Budget including Policy Proposals 2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Finance	6,927	-707	**6,220**	**6,370**	**6,589**	**6,814**
Financial Management			**0**			
Procurement	649	-42	**607**	**623**	**651**	**680**
Customer Services			**0**			
Revenues and Benefits	51,178	-47,064	**4,114**	**4,183**	**4,314**	**4,447**
Executive Director of Corporate Services	133	-18	**115**	**120**	**126**	**133**
Total Cost of Service	**58,887**	**-47,831**	**11,056**	**11,296**	**11,680**	**12,074**

Policy Proposals (Reference relates to Section 2 of MTFS) (Policy Proposals included above)	Expenditure £000	Income £000	Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Revs & Bens - Enforce Prompt Debt Recovery (34)		-77	**-77**			
Finance - Transactional Services Stabilisation Plan (43)	270		**270**			
Finance - Additional Cost of External Audit Fees (44)	265		**265**			
Finance - Additional Bank Charges (46)	120		**120**			
Executive Director - Remove unspent phone budgets (40)	-60		**-60**			
Executive Director - Reverse Reduction in management costs (47)	540		**540**			
Pension Cost Adjustment - Finance (35)	-45		**-45**	**-77**	**-13**	**-14**
Pension Cost Adjustment - Procurement (35)	-9		**-9**	**-15**	**-3**	**-3**
Pension Cost Adjustment - Revenues & Benefits (35)	-40		**-40**	**-70**	**-12**	**-13**
Pension Cost Adjustment - Executive Director (35)	-2		**-2**	**-4**	**-2**	**-1**
Pay Inflation - Finance (36)	201		**201**	**227**	**232**	**239**
Pay Inflation - Procurement (36)	34		**34**	**31**	**31**	**32**
Pay Inflation - Revenues & Benefits (36)	161		**161**	**139**	**143**	**146**
Pay Inflation - Executive Director (36)	5		**5**	**9**	**8**	**8**
Financial Impact of Policy Proposals	**1,440**	**-77**	**1,363**	**240**	**384**	**394**

CORPORATE POLICY - Governance and Compliance Service REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Governance and Democratic Services	6,665	-2,471	**4,194**	**4,353**	**4,576**	**4,803**
Legal Services	4,797	-575	**4,222**	**4,308**	**4,470**	**4,635**
Audit and Risk	4,037	-1,109	**2,928**	**2,962**	**3,027**	**3,094**
Total Cost of Service	**15,499**	**-4,155**	**11,344**	**11,623**	**12,073**	**12,532**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Governance & Democratic Services - Additional Registration Income (38)		-350	**-350**			
Governance & Democratic Services - Police & Crime Commissioner Income (39)		-45	**-45**			
Governance & Democratic Services - Member Allowances Reduction (45)	-100		**-100**			
Governance & Democratic Services - Reinstatement of Elections Saving (48)	150		**150**			
Pension Cost Adjustment - Governance and Democratic Services (35)	-39		**-39**	**-68**	**-11**	**-12**
Pension Cost Adjustment - Legal Services (35)	-50		**-50**	**-86**	**-14**	**-16**
Pension Cost Adjustment - Audit and Risk (35)	-20		**-20**	**-35**	**-6**	**-6**
Pay Inflation - Governance and Democratic Services (36)	216		**216**	**227**	**234**	**239**
Pay Inflation - Legal Services (36)	160		**160**	**172**	**176**	**181**
Pay Inflation - Audit and Risk (36)	76		**76**	**69**	**71**	**73**
Financial Impact of Policy Proposals	**393**	**-395**	**-2**	**279**	**450**	**459**

CORPORATE POLICY - Resources (People) REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Human Resources	3,025	-460	**2,565**	**2,610**	**2,696**	**2,784**
Customer Services	2,997	-1	**2,996**	**3,052**	**3,158**	**3,266**
Total Cost of Service	**6,022**	**-461**	**5,561**	**5,662**	**5,854**	**6,050**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Pension Cost Adjustment - Human Resources (35)	-26		**-26**	**-46**	**-8**	**-8**
Pension Cost Adjustment - Customer Services (35)	-32		**-32**	**-56**	**-9**	**-10**
Pay Inflation - Human Resources (36)	101		**101**	**91**	**94**	**96**
Pay Inflation - Customer Services (36)	133		**133**	**112**	**115**	**118**
Financial Impact of Policy Proposals	**176**	**0**	**176**	**101**	**192**	**196**

CORPORATE POLICY - Resources (Digital) REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
ICT - Strategy	11,355	-201	**11,154**	**14,751**	**15,274**	**15,365**
ICT - Shared Service	12,608	-12,518	**90**	**188**	**373**	**561**
Digital Online Services	451		**451**	**459**	**475**	**491**
Total Cost of Service	**24,414**	**-12,719**	**11,695**	**15,398**	**16,122**	**16,417**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Shared Services Review - Move to Hybrid Model for ICT (37)	-733		**-733**			
Digital Acceleration Revenue Growth (41)			**0**	**1,150**		
Digital Blueprint Revenue Growth (42)			**0**	**2,400**	**435**	
Pension Cost Adjustment - ICT Strategy (35)	-27		**-27**	**-47**	**-8**	**-8**
Pension Cost Adjustment - ICT Shared Service (35)	-57		**-57**	**-98**	**-16**	**-18**
Pension Cost Adjustment - Digital Online Services (35)	-5		**-5**	**-8**	**-1**	**-1**
Pay Inflation - ICT Strategy (36)	72		**72**	**94**	**96**	**99**
Pay Inflation - ICT Shared Service (36)	147		**147**	**196**	**201**	**206**
Pay Inflation - Digital Online Services (36)	33		**33**	**16**	**17**	**17**
Financial Impact of Policy Proposals	**-570**	**0**	**-570**	**3,703**	**724**	**295**

CORPORATE POLICY - Assistant Chief Executive REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Policy & Performance	2,916	-838	**2,078**	**2,132**	**2,235**	**2,339**
Communications	805	-10	**795**	**809**	**837**	**865**
Chief Executive	259		**259**	**264**	**273**	**282**
Total Cost of Service	**3,980**	**-848**	**3,132**	**3,205**	**3,345**	**3,486**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Pension Cost Adjustment - Policy & Performance (35)	-32		**-32**	**-55**	**-9**	**-10**
Pension Cost Adjustment - Communications (35)	-9		**-9**	**-15**	**-2**	**-3**
Pension Cost Adjustment - Chief Executive (35)	-3		**-3**	**-5**	**-1**	**-1**
Pay Inflation - Policy & Performance (36)	118		**118**	**109**	**112**	**114**
Pay Inflation - Communications (36)	31		**31**	**29**	**30**	**31**
Pay Inflation - Chief Executive (36)	6		**6**	**10**	**10**	**10**
Financial Impact of Policy Proposals	**111**	**0**	**111**	**73**	**140**	**141**

CORPORATE POLICY - Council-wide Transformation Savings REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Transformation Programme	-12,702	-750	**-13,452**	**-34,182**	**-45,212**	**-45,212**
Total Cost of Service	**-12,702**	**-750**	**-13,452**	**-34,182**	**-45,212**	**-45,212**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Digital Customer Enablement Invest to Save (49)	-750		**-750**	**-750**	**-700**	
Digital Acceleration Invest to Save (50)	-600		**-600**	**-6,250**	**-5,250**	
Digital Blueprint - Invest to Save (51)	-4,000		**-4,000**	**-6,000**	**-4,500**	
Target Operating Model (TOM) (52)	-3,000		**-3,000**	**-7,000**		
Agency Staffing (53)	-352		**-352**			
Workforce Productivity (54)	-1,000		**-1,000**			
Fees and Charges (55)		-750	**-750**	**-40**	**-40**	
Third Party Spend (56)	-3,000		**-3,000**	**-690**	**-540**	
Financial Impact of Policy Proposals	**-12,702**	**-750**	**-13,452**	**-20,730**	**-11,030**	**0**

ECONOMY and GROWTH COMMITTEE - Summary — REVENUE BUDGET

Service Area	Budget including Policy Proposals 2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Directorate	303		303	301	305	309
Growth and Enterprise	37,841	-9,703	28,138	28,835	29,263	29,587
Total Cost of Service	**38,144**	**-9,703**	**28,441**	**29,136**	**29,568**	**29,896**

Policy Proposals included above	Expenditure £000	Income £000	Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Policy Proposals						
Directorate	17		17	-2	4	4
Growth and Enterprise	643	-126	517	697	428	324
Financial Impact of Policy Proposals	**660**	**-126**	**534**	**695**	**432**	**328**

ECONOMY and GROWTH - Directorate — REVENUE BUDGET

Service Area	Budget including Policy Proposals 2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Directorate	625		625	625	625	625
Sub Regional	80		80	80	80	80
Restructuring	-419		-419	-419	-419	-419
Pay Inflation	17		17	15	19	23
Total Cost of Service	**303**	**0**	**303**	**301**	**305**	**309**

Policy Proposals included above	Expenditure £000	Income £000	Net £000	2026/27 Net £000	2027/28 Net £000	2028/29 Net £000
Policy Proposals (Reference relates to Section 2 of MTFS)						
Pay Inflation (63)	20		20	4	5	5
Pension Costs Adjustment (58)	-3		-3	-6	-1	-1
Financial Impact of Policy Proposals	**17**	**0**	**17**	**-2**	**4**	**4**

ECONOMY and GROWTH - Growth and Enterprise — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Assets	3,078	-2,587	**491**	**391**	**336**	**289**
Growth and Enterprise Management	147		**147**	**147**	**147**	**147**
Facilities Management	17,702	-270	**17,432**	**17,965**	**17,965**	**17,965**
Farms	437	-785	**-348**	**-348**	**-348**	**-348**
Economic Development	1,985	-551	**1,434**	**1,713**	**1,831**	**1,837**
Housing	3,996	-414	**3,582**	**3,394**	**3,394**	**3,394**
Rural and Cultural Management	165		**165**	**165**	**165**	**165**
Tatton Park	5,653	-4,445	**1,208**	**1,188**	**1,166**	**1,142**
Green Infrastructure	2,124	-302	**1,822**	**1,804**	**1,804**	**1,804**
Cultural Economy	1,113		**1,113**	**1,206**	**1,210**	**1,210**
Visitor Economy	558	-349	**209**	**209**	**209**	**209**
Pay Inflation	883		**883**	**1,001**	**1,384**	**1,773**
Total Cost of Service	**37,841**	**-9,703**	**28,138**	**28,835**	**29,263**	**29,587**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Office estate rationalisation (57)	-150		**-150**			
Pension Costs Adjustment (58)	-161		**-161**	**-307**	**-52**	**-56**
Tatton Park ticketing and EPOS upgrade (59)	1		**1**	**1**	**1**	**1**
CEC Archives (60)	14		**14**	**93**	**4**	
Rural and Visitor Economy Electricity costs (61)	-21		**-21**			
Minimum energy efficiency standards (MEES) - Estates - Revenue Adjustment (62)	23		**23**		**-55**	**-47**
Pay Inflation (63)	1,044		**1,044**	**425**	**435**	**445**
Maintenance and operation of new assets in Crewe town centre (64)	205		**205**	**279**	**118**	**6**
Land Fill Site Assessments Revenue Adjustment - Estates – Review and Risk Assessment of Council owned Landfill sites (53 sites) Review and Risk Assessment completions (65)	10		**10**			
Tatton Park Estate Dwellings Refurbishment (66)	15		**15**			
Improving Crewe Rented Housing Standards (67)	188		**188**	**-188**		
Maximise potential of Countryside Access Management System (68)	20		**20**	**-18**		
Assets - building and operational – Energy (69)	-860		**-860**			
Assets - building and operational – Maintenance (70)	465		**465**	**533**		
Tatton Park - Increase Fees and Charges (71)		-126	**-126**	**-21**	**-23**	**-25**
Corporate Landlord Model Refresh (72)	-50		**-50**			
Asset Strategy Refresh (73)	-100		**-100**	**-100**		
Financial Impact of Policy Proposals	**643**	**-126**	**517**	**697**	**428**	**324**

ENVIRONMENT and COMMUNITIES COMMITTEE - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Environment and Neighbourhood Services	68,964	-23,263	**45,701**	**48,970**	**49,952**	**56,744**
Total Cost of Service	**68,964**	**-23,263**	**45,701**	**48,970**	**49,952**	**56,744**
	Policy Proposals included above					
Policy Proposals						
Environment and Neighbourhood Services	5,978	-8,720	**-2,742**	**3,269**	**982**	**6,792**
Financial Impact of Policy Proposals	**5,978**	**-8,720**	**-2,742**	**3,269**	**982**	**6,792**

ENVIRONMENT and COMMUNITIES - Environment and Neighbourhood Services REVENUE BUDGET

	Budget including Policy Proposals					
	2024/25			2025/26	2026/27	2027/28
Service Area	Expenditure £000	Income £000	Net £000	Net £000	Net £000	Net £000
Director of Environmental & Neighbourhood Services	143		**143**	**143**	**143**	**143**
Development Management	4,471	-2,767	**1,704**	**1,704**	**1,704**	**1,704**
Building Control	1,222	-918	**304**	**304**	**304**	**304**
Local Land Charges and Planning Support	748	-407	**341**	**341**	**341**	**341**
Strategic Planning	1,436		**1,436**	**1,346**	**1,351**	**1,346**
Neighbourhood Planning	283	-220	**63**	**63**	**63**	**63**
Environmental - Commissioning ANSA*	45,037	-1,745	**43,292**	**42,651**	**42,291**	**42,588**
Environmental - Commissioning Orbitas*	2,094	-2,927	**-833**	**-890**	**-1,021**	**-1,157**
Environmental - Management Services	2,207	-12,290	**-10,083**	**-6,493**	**-6,149**	**-821**
Regulatory Services	4,050	-1,228	**2,822**	**2,822**	**2,822**	**2,822**
Libraries	3,329	-297	**3,032**	**3,032**	**3,032**	**3,032**
Leisure Commissioning	948	-420	**528**	**325**	**159**	**159**
Emergency Planning	237	-61	**176**	**176**	**176**	**176**
Head of Neighbourhood Services & ASB/CEO	648	17	**665**	**665**	**665**	**665**
Pay Inflation	2,111		**2,111**	**2,781**	**4,071**	**5,379**
Total Cost of Service	**68,964**	**-23,263**	**45,701**	**48,970**	**49,952**	**56,744**

* The companies are coming back in house in 2025/26 therefore the commissioning budgets will be realigned to the correct service areas.

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Strategic Leisure Review (Stage 2) (74)	403		**403**	**-203**	**-166**	
Libraries Strategy - Stage 1 (75)	-100		**-100**			
Reduce revenue impact of carbon reduction capital schemes (76)	171		**171**			
Pay Inflation (77)	2,270		**2,270**	**1,380**	**1,409**	**1,436**
Pension Costs Adjustment (78)	-159		**-159**	**-315**	**-53**	**-57**
Explore a Trust delivery model for Libraries and other services (79)	-150		**-150**			
Land Charge Income Adjustment (80)		147	**147**			
Local Plan Review (81)	315		**315**	**-90**	**5**	**-5**
Review of CCTV service - service efficiencies and income generation from existing services (82)	-40		**-40**			
Environmental Services Growth 2025/26 onwards (83)	3,163	-122	**3,041**	**1,882**	**690**	**710**
Environmental Services Savings 2025/26 onwards (84)	-622	-1,745	**-2,367**	**-2,580**	**-1,181**	**-549**
Environmental Services Growth - Pensions (85)	727		**727**	**-395**	**-66**	**-71**
Environmental Services – expected income from Extended Producer Responsibility for packaging (86)		-7,000	**-7,000**	**3,590**	**344**	**5,328**
Financial Impact of Policy Proposals	**5,978**	**-8,720**	**-2,742**	**3,269**	**982**	**6,792**

HIGHWAYS and TRANSPORT COMMITTEE - Summary REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Highways and Infrastructure	28,370	-11,469	**16,901**	**17,053**	**17,121**	**17,151**
Total Cost of Service	**28,370**	**-11,469**	**16,901**	**17,053**	**17,121**	**17,151**

	Policy Proposals included above					
Policy Proposals						
Highways and Infrastructure	2,496	-1,435	**1,061**	**152**	**68**	**30**
Financial Impact of Policy Proposals	**2,496**	**-1,435**	**1,061**	**152**	**68**	**30**

HIGHWAYS and TRANSPORT - Highways and Infrastructure REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Car Parking	2,266	-7,446	**-5,180**	**-5,366**	**-5,557**	**-5,754**
Strategic Transport	8,700	-503	**8,197**	**8,341**	**8,338**	**8,203**
ANSA Transport Commissioning (Management Fee)*	1,235		**1,235**	**1,235**	**1,235**	**1,235**
Highways	14,625	-2,820	**11,805**	**11,996**	**12,162**	**12,427**
Integrated Rail and Transport (formerly HS2)	450		**450**	**450**	**450**	**450**
Highways & Infrastructure Director	145		**145**	**145**	**145**	**145**
Infrastructure	776	-700	**76**	**76**	**76**	**76**
Pay Inflation	173		**173**	**176**	**272**	**369**
Total Cost of Service	**28,370**	**-11,469**	**16,901**	**17,053**	**17,121**	**17,151**

* The companies are coming back in house in 2025/26 therefore the commissioning budgets will be realigned to the correct service areas.

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Increase parking charges (87)		-450	**-450**	**-186**	**-191**	**-197**
Safe Haven outside schools (Parking) (88)		10	**10**			
Parking PDA / Back Office System contract - fall out of one off set up cost (89)	-30		**-30**			
Parking - Part-year effect of strategy changes (90)		-720	**-720**			
Parking - Staff and member parking (91)		-250	**-250**			
Transport and Infrastructure Strategy Team Restructure (92)			**0**	**-150**		
Local Bus (93)	1,545		**1,545**			
FlexiLink Service Improvement Plan - invest to save (94)	592		**592**	**294**	**-3**	**-135**
Advertising Income (95)		-25	**-25**	**-75**	**-50**	
Pension Costs Adjustment (96)	-55		**-55**	**-108**	**-18**	**-20**
Pay Inflation (97)	228		**228**	**111**	**114**	**117**
Flood and Water Management Act 2010 SuDS and SABs Schedule 3 Implementation (98)			**0**	**50**	**50**	**100**
Highways: Revenue Service (99)	216		**216**	**216**	**216**	**216**
Highways: Depots (100)			**0**		**-50**	**-51**
Financial Impact of Policy Proposals	**2,496**	**-1,435**	**1,061**	**152**	**68**	**30**

FINANCE SUB COMMITTEE - Central Items — REVENUE BUDGET

	Budget including Policy Proposals					
	2025/26			2026/27	2027/28	2028/29
Service Area	**Expenditure £000**	**Income £000**	**Net £000**	**Net £000**	**Net £000**	**Net £000**
Capital Financing	37,531	-2,492	**35,039**	**38,758**	**41,860**	**43,248**
Income from Use of Capital Receipts		-1,000	**-1,000**	**-1,000**	**-1,000**	**-1,000**
Pension Cost adjustment	-727		**-727**	**-727**	**-727**	**-727**
Contingency Budget	15,953		**15,953**	**30,861**	**42,783**	**55,709**
Risk Budget			**0**	**3,800**	**1,960**	**750**
Transfer to/(from) Reserves	1,304		**1,304**	**5,000**	**8,898**	**8,898**
Bad Debt Provision adjustment	-50		**-50**	**-50**	**-50**	**-50**
Other Income / Expenditure	1		**1**	**1**	**1**	**1**
Total Cost of Service	**54,012**	**-3,492**	**50,520**	**76,643**	**93,725**	**106,829**

	Policy Proposals included above					
Policy Proposals (Reference relates to Section 2 of MTFS)						
Capital Financing - Minimum Revenue Provision (101)	3,387		**3,387**	**3,719**	**3,102**	**1,388**
Pension Cost Adjustment (108)	-727		**-727**			
Transfer to/(from) Reserves (102-105)	16,681		**16,681**	**3,696**	**3,898**	
Contingency Budget (106)	15,953		**15,953**	**14,908**	**11,922**	**12,926**
Risk Budget (107)			**0**	**3,800**	**-1,840**	**-1,210**
Financial Impact of Policy Proposals	**35,294**	**0**	**35,294**	**26,123**	**17,082**	**13,104**

Annex 3 – Revenue Grants

Corporate Grants Register 2025-29 Summary	Revised Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000
Specific Use					
Adults and Health Committee	43,400	40,993	39,557	39,557	39,557
Children and Families Committee	207,388	232,392	223,197	223,197	223,197
Corporate Policy Committee	74,107	70,653	67,741	68,645	69,582
Economy and Growth Committee	11,690	4,369	91	71	71
Environment and Communities Committee	1,400	7,500	3,410	3,066	0
Highways and Transport Committee	6,488	3,228	0	0	0
Total Specific Use Grants	**344,474**	**359,134**	**333,996**	**334,536**	**332,407**
General Purpose					
Adults and Health Committee	16,763	19,251	19,251	19,251	19,251
Children and Families Committee	9,746	10,560	10,560	10,560	10,560
Corporate Policy Committee	6,163	8,135	5,135	5,135	5,135
Economy and Growth Committee	0	0	0	0	0
Environment and Communities Committee	0	0	0	0	0
Highways and Transport Committee	0	0	0	0	0
Total General Purpose Grants	**32,672**	**37,946**	**34,946**	**34,946**	**34,946**
Total Grant Funding	**377,147**	**397,080**	**368,941**	**369,482**	**367,353**

Corporate Grants Register 2025-2029	Revised Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000
SPECIFIC PURPOSE (Held within Services)					
Adults and Health Committee					
Additional Better Care (for Adult Social Care)	8,706	8,706	8,706	8,706	8,706
Market Sustainability and Fair Cost of Care Fund	979	979	979	979	979
Market Sustainability and Fair Cost of Care Fund - top-up	4,268	5,368	5,368	5,368	5,368
Market Sustainability and Fair Cost of Care Fund - Workforce Element	1,100				
Discharge Fund	2,034	2,034	2,034	2,034	2,034
Shared Property Fund - Supported Employment	536	566			
Asylum Dispersal Scheme	352	280			
Asylum Dispersal Scheme - brought forward	344				
Afghan - Wrap Around support - brought-forward	431				
Afghan - Resettlement support - brought-forward	404				
Afghan - Resettlement support	144				
Afghan - Integration Support	90				
Homes for Ukraine Scheme - brought-forward	211				
Private Finance Initiative (PFI) credits (Note 1)	4,125	4,125	4,125	4,125	4,125
Supporting Independent through Technology project - Brought forward	65				
Total	**23,789**	**22,058**	**21,212**	**21,212**	**21,212**
Adults and Health Committee - Public Health					
Public Health Grant	18,345	18,345	18,345	18,345	18,345
OHID SSMTR Supplementary Substance Misuse Treatment & Recovery Grant	525				
North West Probation Service funding for SMS rehabilitative and resettlement interventions	123				
CHAMPS Marmot Place Funding - encourage pregnant women to stop smoking - brought-forward	22				
CHAMPS SMS - inpatient detox	159	159			
Reducing cardio-vascular disease in Cheshire East	6				
Local stop smoking services and support	432	432			
Total	**19,612**	**18,935**	**18,345**	**18,345**	**18,345**
GENERAL USE (Held Corporately)					
Adults and Health Committee					
Social Care Support Grant	16,428	18,911	18,911	18,911	18,911
Local Reform & Community Voices	208	207	207	207	207
Social Care in Prisons	68	73	73	73	73
War Pension Scheme Disregard	59	60	60	60	60
Total	**16,763**	**19,251**	**19,251**	**19,251**	**19,251**
Total Adults and Health Committee	**60,163**	**60,244**	**58,807**	**58,807**	**58,807**

(1) In respect of Private Finance Initiatives (PFI), Cheshire East Council are currently reflecting the total PFI grant monies received, even though Beechmere Extra Care Housing building in Crewe, which was destroyed in a fire, no longer stands. No agreement has been reached with the HM Treasury on any possible reduction of grant income and Cheshire East Council continues to pay the residual unitary charge excluding Beechmere to Avantage. Discussions are continuing with the private sector partner, along with other relevant stakeholders, for example Central Government and the Nationwide Building Society, about the reinstatement of Beechmere scheme.

Corporate Grants Register 2025-2029	Revised Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000
SPECIFIC PURPOSE (Held within Services)					
Children and Families Committee - Schools					
Dedicated Schools Grant	389,727	437,917	437,917	437,917	437,917
Less Academy Recoupment and High Needs Deductions	213,070	229,093	229,093	229,093	229,093
Dedicated Schools Grant Cheshire East	176,658	208,824	208,824	208,824	208,824
Pupil Premium Grant	4,958	4,958	4,958	4,958	4,958
Pupil Premium Plus - Post 16 Funding	46	46	46	46	46
Sixth Forms Grant	2,815	2,815	2,815	2,815	2,815
Universal Infant Free School Meals (UIFSM)	1,832	1,832	1,832	1,832	1,832
Primary Physical Education Sports Grant	981	981	981	981	981
Teachers Pay Additional Grant	1,645				
Teachers Pension Grant	2,393				
COVID-19 Recovery Premium	245				
School Led Tutoring Grant	221				
School Improvement Monitoring & Brokering Grant 2023/24	364				
Milk Subsidy	21	21	21	21	21
Senior Mental Health Lead Training Grant	2				
Delivering Better Value in SEND	408				
National Professional Qualification Grant	16				
Early Years Supplementary Grant	46				
Total	**192,651**	**219,477**	**219,477**	**219,477**	**219,477**
Children and Families Committee					
Asylum Seekers	2,811	2,810	2,810	2,810	2,810
Asylum Seekers - difference between estimated grant income relating to 2023/24 and actual	112				
Family Help		1,195			
Children and Families Grant - Leaving Care Allowance Uplift Implementation (New Burdens)		72			
Children and Families Grant - Supported Accommodation		620			
Children and Families Grant - Staying Put Implementation		130			
Children and Families Grant - Extended Personal Adviser Duty		57			
Children and Families Grant - Extension of the role of Virtual School Heads		61			
Children's Social Care Prevention Grant		835			
Supporting Families (previously Tackling Troubled Families) Payment By Results (Note 3)	410				
Supporting Families Upfront Grant (Note 3)	785				
Reducing Parental Conflict Grant	30				
Adoption Support Fund	62				
KS2 Moderation & KS1 Phonics	11	10	10	10	10
Independent Support Grant (CEIAS) 2023/24	12				
Skills & Lifelong Learning 2024/25	944	900	900	900	900
Skills & Lifelong Learning 2023/24	1				
Supporting Families; Investing in Practice programme (Mockingbird Family Model)	99				
Remand Grant	120				
Domestic Abuse Safe Accommodation	676	842			
Domestic Abuse Safe Accommodation - brought forward	149				
Holiday Activities & Food Programme Grant	906	900			
S31 Kinship Grant	20				
S31 Extension of the Role of Virtual School Heads to children with a social worker Implementation 2024/25	118				
S31 Extension of the Role of Virtual School Heads to children with a social worker Implementation 2023/24	118				
S31 Extension of the Role of Virtual School Heads to children with a social worker Implementation 2022/23	100				
Household Support Fund	4,400	3,967			
Hong Kong UK Welcome Programme (British Nationals)	7				
Early Years - Delivery Support Fund - Carried forward from 2023/24	90				
Early Years - Delivery Support Fund 2025/26	-90				
Early Years - Wraparound Childcare Programme	580	278			
Early Years - Professional Development Programme	55				
Early Years - Experts and Mentors Programme	5				
Family Hubs Transformation Funding - Carried forward from 2023/24	492				
Family Hubs Transformation Funding 2024/25	90	238			
Leaving Care Allowance Uplift Implementation Grant (Note 3)	72				
Staying Close Award	602				
Supported Accommodation New Burdens Grant (Note 3)	620				
Enhance Programme Funding	330				
Total	**14,738**	**12,915**	**3,720**	**3,720**	**3,720**

Corporate Grants Register 2025-2029	Revised Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000
GENERAL USE (Held Corporately)					
Children and Families Committee					
Social Care Support Grant	9,174	10,560	10,560	10,560	10,560
Staying Put Implementation Grant (Note 3)	130				
Extended Rights to Free Transport (Home to School Transport) (Note 2)	324				
Extended Personal Adviser Duty Implementation (Note 3)	57				
Extension of the role of Virtual School Heads (Note 3)	61				
Total	**9,746**	**10,560**	**10,560**	**10,560**	**10,560**
Total Children and Families Committee	**217,135**	**242,952**	**233,757**	**233,757**	**233,757**
SPECIFIC PURPOSE (Held within Services)					
Corporate Policy Committee					
Housing Benefit Subsidy	49,832	49,726	49,726	49,726	49,726
Discretionary Housing Payments Grant	349	349	349	349	349
Housing Benefit (HB) Award Accuracy Initiative	27	26	25	24	23
LADS - VEP (RTI) funding	8	7	7	7	7
LADS - Internet Protocol Access	0				
New Burdens: Universal Credit, maintenance & natural migration	24	21	18	15	12
Local Authority Data Sharing (LADS)	1				
LADS - New Burdens - Discretionary Housing Payments (DHP)	59	60	60	60	60
LADS - New Burdens - Benefit Cap					
LADS - New Burdens - Welfare Reform Changes (S4/2022)					
LADS - New Burdens - Single Fraud Investigation	1	1			
LADS - New Burdens - Single Housing Benefit Extract Automation	13	10	10	10	
Democratic Services:					
Police and Crime Commissioner's Panel grant	65	65	65	65	65
Finance and Customer Services:					
Redmond Review	51				
Cyber Support Grant	3				
Business Rates Relief Grant	23,674	20,388	17,481	18,389	19,340
Total	**74,107**	**70,653**	**67,741**	**68,645**	**69,582**
GENERAL USE (Held Corporately)					
Corporate Policy Committee					
Housing Benefit Administration Subsidy	707	720	720	720	720
NNDR Administration Allowance	578	587	587	587	587
Revenue Support Grant	414	849	849	849	849
New Homes Bonus	4,085	3,000			
Services Grant	297	2,979	2,979	2,979	2,979
Employers National Insurance Grant					
Electoral Integrity New Burdens (Note 2)	82				
Total	**6,163**	**8,135**	**5,135**	**5,135**	**5,135**
Total Corporate Policy Committee	**80,270**	**78,788**	**72,876**	**73,780**	**74,717**

(2) Grant rolling into Revenue Support Grant from 2025/26

(3) Grants rolling into relevant Children and Families ringfenced grant

Corporate Grants Register 2025-2029	Revised Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000
SPECIFIC PURPOSE (Held within Services)					
Economy and Growth Committee					
Rough Sleeping Initiative - Brought forward	10				
Rough Sleeping Initiative	222	222			
Rough Sleeping Winter Pressure	37				
Homelessness Prevention Grant - Brought Forward	1,029				
Homelessness Prevention Grant	1,054	1,471			
Local Authority Housing Fund	3				
Shared Prosperity Fund - brought-forward	1,065				
Shared Prosperity Fund	5,868	2,524			
Enterprise Cheshire & Warrington (ECW): Core Funding	234				
Enterprise Cheshire & Warrington (ECW): Growth Hub Funding	261				
Enterprise Cheshire & Warrington (ECW): Skills Bootcamp	1,717				
Towns Fund - Ice Cream Van	15				
Natural England - Stewardship scheme	2	2	2	2	2
Natural England - Stewardship scheme	7	6	6	6	6
Apprentice Incentive Scheme	1				
Natural England - Stewardship scheme	64	63	63	63	63
ACE Place Partnership	100	80	20		
Total	**11,690**	**4,369**	**91**	**71**	**71**
Total Economy and Growth Committee	**11,690**	**4,369**	**91**	**71**	**71**
SPECIFIC PURPOSE (Held within Services)					
Environment and Communities Committee					
Extended Producer Responsibility Grant		7,500	3,410	3,066	
Bikeability Grant	264				
Planning Skills Delivery Fund - brought forward	100				
Enforcement Grant (Planning) - brought-forward	30				
Neighbourhood Planning (Referendums)	30				
High Speed 2 (HS2) Ltd	850				
Air Quality Grant (Cycling) - brought-forward	6				
Air Quality - Smoke control areas new burdens funding - brought forward	23				
Offensive weapons	29				
Cosmetic fillers - brought-forward	15				
Food Standards Agency	1				
Section 31 grant - Biodiversity net gain	43				
Mobile Home Fit and Proper Person Test grant - brought forward	1				
XL Bully Ban Implementation Fund	7				
Total	**1,400**	**7,500**	**3,410**	**3,066**	**0**
Total Environment and Communities Committee	**1,400**	**7,500**	**3,410**	**3,066**	**0**
SPECIFIC PURPOSE (Held within Services)					
Highways and Transport Committee					
Bus Capacity Grant - brought-forward	159				
Bus Recovery Grant - brought-forward	150				
Bus Capability Grant - brought-forward	147				
Local Transport Fund	219				
Bus Support Grant	348	348			
Active Travel Capability Fund - brought-forward	196				
Local Electric Vehicle Infrastructure (LEVI) - brought forward	230				
Local Electric Vehicle Infrastructure (LEVI) - 2024/25	159				
Bus Service Improvement Plan+ (BSIP+) - brought forward	1,178				
Bus Service Improvement Plan+ (BSIP+) Phase 2	1,188				
Bus Service Improvement Plan+ (BSIP+) - Phase 3	2,268	2,880			
Bus Fare Cap Grant - brought forward	1				
Bus Fare Cap - Mikro	1				
Bus Fare Cap 2024/25	2				
Rural Mobility Fund - brought-forward	242				
Total	**6,488**	**3,228**	**0**	**0**	**0**
Total Highways and Transport Committee	**6,488**	**3,228**	**0**	**0**	**0**

Annex 4 – Capital Grants

Capital Grants Summary	Expected Receipt 2025/26 £000	Application of Grants in 2025/26 £000	Expected Receipt 2026/27 £000	Application of Grants in 2026/27 £000	Expected Receipt 2027/28 £000	Application of Grants in 2027/28 £000	Expected Receipt 2028/29 £000	Application of Grants in 2028/29 £000
SPECIFIC PURPOSE (Held Corporately)								
ADULTS & HEALTH								
TOTAL ADULTS & HEALTH	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
CHILDREN & FAMILES								
Basic Need Grant	2,442	13,112	2,500	7,391	0	2,050	0	0
Crewe Towns Funding	0	1,559	0	0	0	0	0	0
Childcare Capital Expansion	0	300	0	0	0	0	0	0
Devolved Formula Capital Grant	330	330	310	310	0	0	0	0
Early Years	0	79	0	0	0	0	0	0
Family Hubs Transformation	0	105	0	0	0	0	0	0
High Needs/Special Educational Needs Grant	0	11,607	0	8,248	0	3,000	0	0
School Condition Grant	2,000	2,563	2,000	2,311	0	0	0	0
TOTAL CHILDREN & FAMILIES	**4,772**	**29,655**	**4,810**	**18,260**	**0**	**5,050**	**0**	**0**
ECOMOMY & GROWTH								
Crewe Towns Funding	0	3,106	0	0	0	0	0	0
Connecting Cheshire Digital 2020 - Super Fast Broadband	0	0	0	0	0	0	2,985	2,985
Disabled Facilities Grant	2,555	2,664	2,800	2,800	2,800	2,800	2,800	2,800
Green Homes Grant	0	339	0	339	0	0	0	0
Handforth Heat Network	0	50	0	450	0	1,424	0	0
Homes England Grant - North Cheshire Garden Village	1,369	1,369	13,675	13,675	0	0	0	0
Home Upgrade Grant	1,669	1,669	0	0	0	0	0	0
Local Authority Housing Fund	309	309	0	0	0	0	0	0
Department of Transport - Culture & Tourism	0	29	0	0	0	0	0	0
Public Sector Decarbonisation Fund - 3B - Lot 1	124	124	0	0	0	0	0	0
Public Sector Decarbonisation Fund - 3C	1,159	1,159	0	0	0	0	0	0
Schools Condition Grant - FM	1,044	1,044	0	0	0	0	0	0
UK Shared Prosperity Fund	700	700	0	0	0	0	0	0
Homes England Grant - South Macclesfield Development Area	0	0	0	0	0	0	10,000	10,000
TOTAL ECONOMY & GROWTH	**8,929**	**12,562**	**16,475**	**17,264**	**2,800**	**4,224**	**15,785**	**15,785**
ENVIRONMENT & COMMUNITIES								
Crewe Towns Funding	0	2,857	0	0	0	0	0	0
Simpler Recycling Transitional Funding	2,132	2,132	500	500	0	0	0	0
TOTAL ENVIRONMENT & COMMUNITIES	**2,132**	**4,989**	**500**	**500**	**0**	**0**	**0**	**0**
HIGHWAYS & TRANSPORT								
Department for Transport S31 Grant - A500	950	2,505	0	0	0	0	73,075	73,075
Department of Transport Incentive Fund	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Department of Transport Integrated Transport Grant	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
Department of Transport Maintenance Grant	5,799	5,799	5,799	5,799	5,799	5,799	5,799	5,799
Department of Transport Pothole Funding	5,799	5,799	5,799	5,799	5,799	5,799	5,799	5,799
Department of Transport S31 Grant - Middlewich Eastern Bypass	22,140	22,140	21,603	21,603	2,004	2,004	0	0
Department of Transport Highway maintenance allocations-Additional	7,982	7,982	6,597	6,597	6,597	6,597	6,597	6,597
Department of Transport Highway Traffic Signal Maintenance Fund	0	260	0	0	0	0	0	0
Department of Transport Maintenance Grant - Prior Years	0	1,190	0	222	0	0	0	0
Future High Street Funding	0	309	0	0	0	0	0	0
Local Growth Fund - Congleton Link Road	316	316	0	0	0	0	0	0
LEVI Capital Fund 23/24	0	543	0	543	0	543	0	543
Active Travel England	0	1,420	0	0	0	0	0	0
Local Growth Fund - Sustainable Travel Access Programme	0	200	0	0	0	0	0	0
TOTAL HIGHWAYS & TRANSPORT	**46,439**	**51,916**	**43,251**	**44,016**	**23,652**	**24,195**	**94,723**	**95,266**
TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING	**62,272**	**99,122**	**65,035**	**80,039**	**26,452**	**33,469**	**110,508**	**111,051**

Annex 5 – Capital Strategy

Overview and Comment from the Section 151 Officer

5.1. The Capital Strategy forms a key part of the Council's Medium-Term Financial Strategy (MTFS) alongside the Treasury Management and Investment Strategies. Each of these strategies is reviewed each year and supports the opinion on the robustness of the Council's financial plans. This capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. It provides an overview of how associated risk is managed alongside future financial sustainability.

5.2. The capital strategy:

- Provides a framework for the management and monitoring of the capital programme.
- Creates the process for bidding for capital resources.
- Sets out the approach to funding capital expenditure.
- Takes account of the significant revenue implications associated with capital investment.

5.3. The Strategy also sets out the Council's processes for:

- Setting the financial parameters for capital expenditure in the medium-term.
- Confirming the flexible use of capital receipts in the medium-term.
- The option appraisal of capital project proposals.
- Deciding on the prioritisation of capital projects.
- Monitoring and evaluating approved schemes.

5.4. The Strategy incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

5.5. Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

5.6. 2024/25 has proven to be a difficult year for Cheshire East Council financially and the continued higher interest rates and the Dedicated Schools Grant (DSG) deficit the Council is carrying has heavily impacted on the Capital Financing Budget.

5.7. Interest costs are anticipated to be in the region of £17.8m in 2025/26 and rising to £18.8m in the following year. With significant borrowing still funding elements of the capital programme during 2024/25 and the associated future Minimum Revenue Provision costs, which start to impact revenue from 2025/26, as well as the interest cost of borrowing, the revised Capital Financing Budget required for 2025/26 is £35.0m, an increase of £6.5m from 2024/25.

5.8. The revenue implications of financing EFS through borrowing also start to impact in 2025/26 and this has been included in the increased budget requirement.

5.9. Continuing to fund capital programmes with large amounts of borrowing is not affordable and not prudent.

5.10. A new Capital Programme Board has been set up and it will be within their remit to develop the overall Capital Strategy and annual programme in accordance with the priorities set out in the Council's corporate plan and with due consideration of financial implications to ensure it is affordable, financially prudent and sustainable.

5.11. The new Capital Programme Board is both streamlined and made up of very senior officers, including Section 151 Officer, Executive Director of Place and the Assistant Chief Executive, to ensure due diligence with regard to finance, policy, and investment in assets.

5.12. The Board will be responsible for appraisal and recommendation of any new schemes to be included within the programme or any amendments to the programme, and to provide a forum for establishing and delivering robust challenge and debate around the Capital Programme.

5.13. It will be for the Capital Programme Board to assess best use of limited Council resources. Given affordability challenges the Board will use prioritisation criteria (detailed under Prioritisation of Capital Expenditure at section 2 below) to inform their considerations and recommendations to Council.

5.14. All schemes in the capital programme will be subject to spending controls to ensure that only essential expenditure is being incurred in 2025/26. Project Managers when procuring contracts should make sure that the Council's resources are being used efficiently and ensuring value for money principles are adopted. Adequate contingency/risk allocations should already be built into the projects to reduce the requirement to request further budget increases during the year that require funding from Cheshire East resources.

Five Principles

5.15. Five Principles underpin the Capital Strategy:

1. Capital expenditure is priority based and is aligned with the Council's Corporate Plan priorities.
2. The financial implications of capital projects are aligned with the Medium-Term Financial Strategy and the longer-term impactions taken account of.
3. Capital projects will be focused on achieving the best return on investment.
4. Decisions will follow a clear framework.
5. There will be a corporate approach to generate and apply capital resources.

5.16. The overarching aim of the Capital Strategy is to provide a framework within which the Council's capital investment plans will be achieved. The plans are driven by the Corporate Plan.

Adele Taylor

Adele Taylor FCPFA

Interim Director of Finance and Customer Services

(Section 151 Officer)

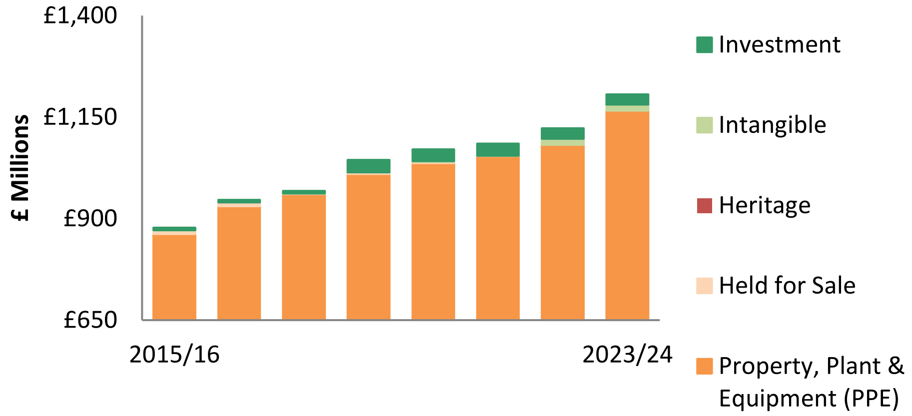
1. Introduction

5.17. As a public sector organisation, with assets valued in excess of £1 billion, Cheshire East Council is committed to maintaining a robust capital strategy that is clearly related to the priorities within the Corporate Plan, is linked with infrastructure and asset planning; and has consistent approaches to investment.

Chart 1: Total Asset Values held by the Council

Property, Plant and Equipment is the most significant category of assets for the Council.

Asset Net Book Value



Source: Cheshire East Council: Statement of Accounts 2014 to 2024.

5.18. The capital programme, which is developed in line with the Strategy, is the list of capital projects that the Council plans to undertake within a given timeframe.

5.19. The programme is approved in line with the Council's Constitution and covers a minimum period of four years and is reviewed annually by Council.

5.20. Any new proposals to be added to the Capital Programme will first be reviewed by the Capital Programme Board who will then make recommendations to Council.

5.21. The Chartered Institute of Public Finance and Accountancy (CIPFA) definition of capital expenditure is:

Definition of Capital Expenditure

"An expenditure on assets that will provide a benefit to the organisation beyond the current financial year including expenditure on purchase of new assets, creation of new assets and enhancing and/or extending the useful life of existing assets."

5.22. A more detailed definition of capital expenditure, as it applies to UK local authorities, is contained in *Practitioners' Guide to Capital Finance in Local Government* (CIPFA, 2019).

5.23. Accounting treatment of capital is compliant with International Accounting Standard 16 Property, Plant and Equipment.

5.24. Capital investment is subject to due process, and assurance is provided that plans are prudent, affordable and sustainable in accordance with the Prudential Framework (the

Prudential Framework being an umbrella term for several statutory provisions and professional requirements that allow authorities largely to determine their own plans).

5.25. Non-capital expenditure normally falls outside the scope of the framework and is charged to revenue in the year that it occurs. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

5.26. The capital strategy is the foundation of long-term planning of capital investment and how it is to be delivered. Robust processes are relied upon to ensure projects are evaluated and prioritised and approved to the programme along with the resources to fund it. This requires clear parameters to be set at the beginning of the process. Clarity must be supplied via supporting information on the project proposal and clear criteria, related to the organisation's corporate objectives, for prioritising projects.

5.27. In determining how much capital investment to undertake, the Council will consider the long-term impact of borrowing and other forms of capital funding on revenue budgets. The same principle applies to leases, public–private partnerships and outsourcing arrangements to procure public assets.

5.28. Delivering the capital programme requires efficient programme management, project management and procurement, as well as appropriate systems for monitoring, control and scrutiny.

Capital Strategy Principles

5.29. Five Principles underpin the Cheshire East Council Capital Strategy. The principles will be adhered to by Members and employees of the Council and the Section 151 Officer will determine the framework for administering and monitoring the effective application of the principles.

5.30. These principles will be achieved through a process of prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

The Five Principles of the Capital Strategy

1.	Capital expenditure is priority based and is aligned with the Council's priorities.
2.	The financial implications of capital projects are aligned with the Medium-Term Financial Strategy and the Asset Management Plan and the longer term implications are taken account.
3.	Capital projects will be focused on delivering the best return on investment. This will be demonstrated through: - Capital Projects will be externally funded or supported by private sector investment in a way that maximises the Council's financial interest in the asset. - Borrowing will be appropriate based on the lifetime benefits of a scheme and all investments will be subject to strong control arrangements and risk analysis. - The impact of financing capital expenditure will be reviewed annually to ensure it remains appropriate in terms of the expected return on the overall investment.

	- Capital investment will follow an agreed set of prudential limits and indicators in order to demonstrate that plans and borrowing are affordable, prudent and sustainable.
4.	Decisions in relation to the programme will follow a clear framework with an appropriate gateway review and robust management of risk relating to capital projects.
5.	There will be a corporate approach to generating and applying capital resources.

2. Prioritisation of Capital Expenditure

5.31. Capital Projects will be approved for inclusion in the Capital Programme based on how they meet the needs of the Corporate Plan and adherence with the Capital Strategy.

5.32. Capital ambitions may exceed the potential capital resources, particularly given recent funding cuts and demand pressures in the public sector. The Council manages this issue through prioritisation on a variety of factors.

5.33. The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.

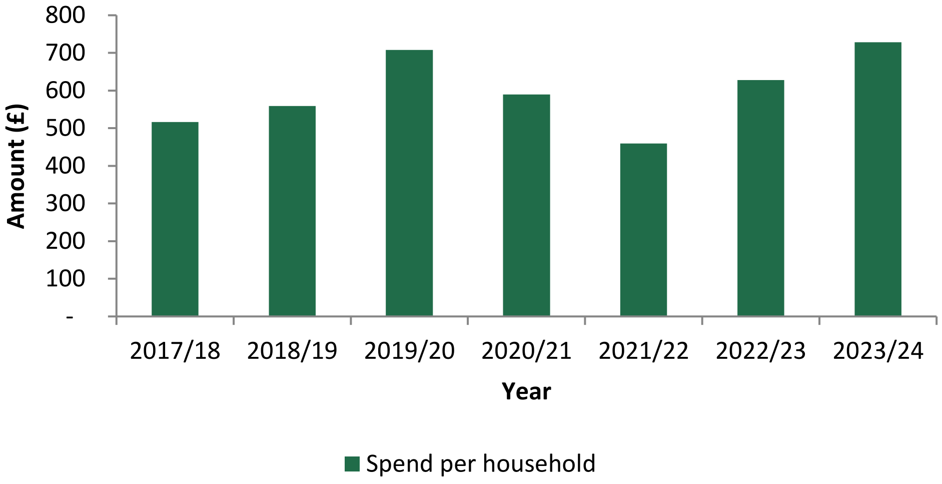
5.34. The first step is to align the capital programme to ensure that we are maximising the capital investment to address the pressures in the revenue budget and remove any projects that do not in the first instance benefit the Medium-Term Financial Strategy.

5.35. The next step is alignment with the Corporate Plan and identification of capital investment that will help to achieve the Council's key vision:

- **Open:** An open and enabling organization.
- **Fair**: A Council which empowers and cares about people.
- **Green**: A thriving and sustainable place.

5.36. The capital programme includes investment in education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services; all of which contribute to achieving these priorities.

Chart 2: Capital Spend per Household



5.37. The Council requires the submission of a High-Level Business Case, that assesses all aspects of a scheme and the impact on stakeholders is identified. Therefore, the Council can gain understanding on how a scheme impacts on the overall strategy, the local economy, officers, and resources of the Council.

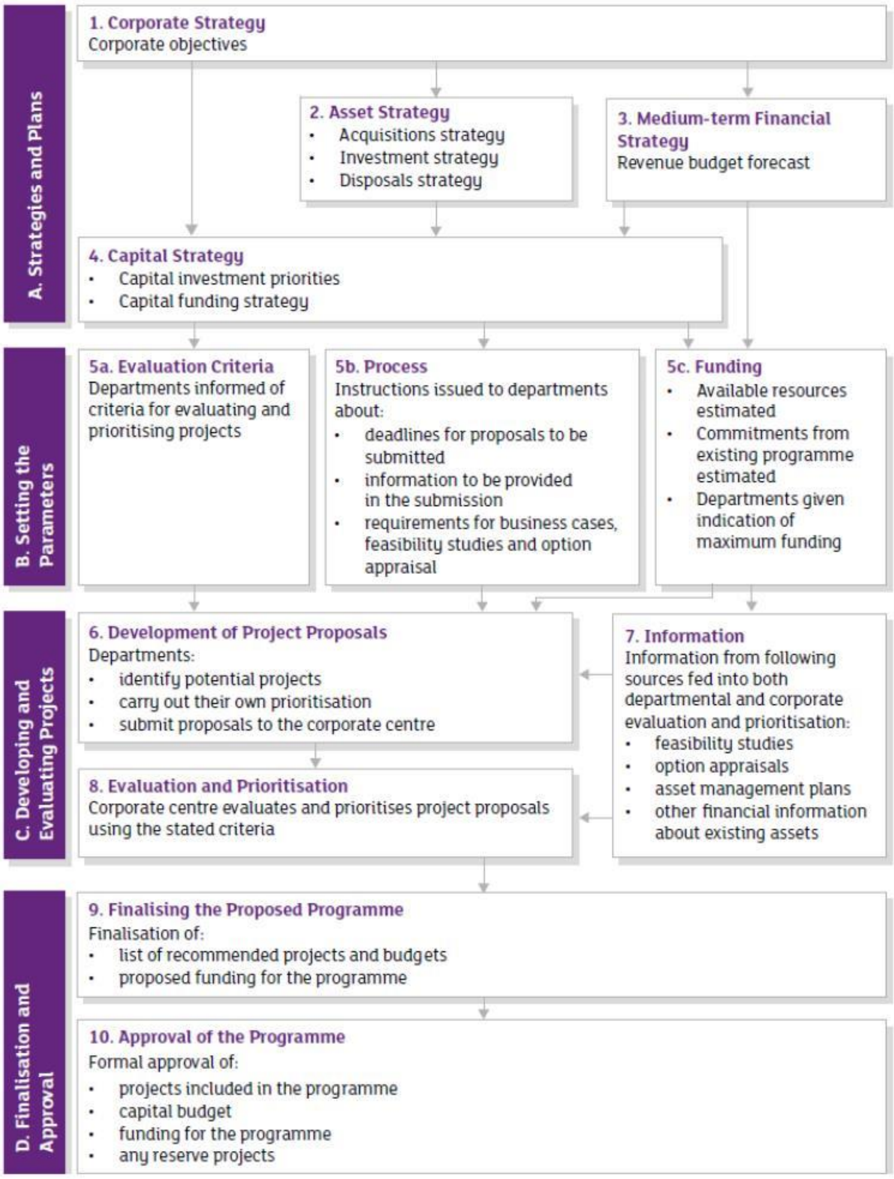
5.38. The 'full' business case model is required for major infrastructure projects. A lighter touch version is sufficient for some projects and the Capital Financing Team will determine the approach as necessary to achieve appropriate approval.

5.39. Business Case annexes provide benefits realisation, risks, constraints and dependencies, contractual arrangements, costs and funding, governance arrangements and key milestones.

5.40. High Level Business Cases are submitted to the Capital Programme Board as part of the Business Planning process. The Capital Programme Board considers each case to grade them as High, Medium or Low in accordance with the following table and will then recommend schemes for inclusion in the programme.

Priority	Description
High likely to be recommended for approval within the capital programme.	Schemes that help reduce the on-going financial pressures and have a positive impact on the MTFS. An agreed service provision within the MTFS. Required compliance and legislative needs. Fully funded by external sources. Self-funding projects with high financial returns and short-term initial outlay. Projects essential to the core operating capability of the Council (e.g. essential ICT and corporate building-related).

Medium recommended only if funding is available within the parameters of the MTFS.	Cost effective replacement and enhancement. Projects with positive financial returns. Part funded projects of strategic importance to Council priorities.
Low unlikely to be recommended for approval, unless specific strategic importance is associated with the project, or public demand is significant.	Unfunded projects without financial returns.



5.41. **Annex A** provides the current Capital Programme for the Council.

3. Financial Controls

Setting Financial Parameters

5.42. The Medium-Term Financial Strategy (MTFS) provides the basis for budget forecasts and annual budget planning for revenue and capital expenditure. This describes the activities to be carried out over the next four years to achieve the corporate priorities alongside the revenue and capital resources which will be needed to deliver those improvements.

5.43. As part of the revenue budget setting process, the estimated financing costs for the capital programme and for existing debt are calculated to update the Capital Financing budget (CFB).

5.44. The Section 151 Officer will invite bids for Capital Expenditure and present a capital programme at each Budget Council meeting. The Capital programme Board will determine the prioritisation (see Section 2) and the financial implications to assess whether bids are affordable and will then report to Members for approval in line with the Constitution.

5.45. Strategic management of the capital programme allows schemes to be added throughout the financial year. These will be reported to Committees on a regular basis.

5.46. If the CFB varies from the strategy the Section 151 Officer will consider options to top-up or draw down from a Financing Earmarked Reserve (if available) and will report this approach to Members.

5.47. Underspends on the CFB due to programme slippage will automatically be transferred to the Financing Reserve.

5.48. Current forecast for 2025/26 is that the CFB is 8.7% of the Net Revenue budget, that is due to the requirement to increase the budget by £6.5m to cover the increase in borrowing to cover the repayments for EFS, the growth in the DSG deficit and the increase in Capital Financing Requirement (CFR) from the capital programme.

5.49. Table 1 below shows Capital Financing budgets which have increased significantly since the 2024-28 MTFS to take account of the increase in the cost of financing. These increases consider not only the capital financing cost of the capital programme but also the capital financing costs of the rising DSG deficit as well as the estimated costs of financing EFS through borrowing. These figures are after taking account of the betterment from the change in accounting policy.

Table 1: Financial Parameters for 2024/25 to 2027/2028

Parameter	Value (£m) 2024/25	Value (£m) 2025/26	Value £m) 2026/27	Value £m) 2027/28
Repayment of Borrowing				
Minimum Revenue Provision*	14.9	18.9	22.5	24.4
External Loan Interest	18.8	20.1	20.9	22.3
Investment Income	(4.0)	(2.3)	(2.1)	(2.1)
Contributions from Services Revenue Budgets	(1.3)	(1.7)	(2.5)	(2.7)
Total Capital Financing Costs	**28.4**	**35.0**	**38.8**	**41.9**
Use of Financing EMR	(2.1)	(0)	(0)	(0)
Total Costs after use of reserve	**26.3**	**35.0**	**38.8**	**41.9**
Actual CFB in MTFS	**(28.5)**	**(35.0)**	**(38.8)**	**(41.9)**
Variance to Budget (Underspend)**	**(2.2)**	**0**	**0**	**0**
***Capital Receipts targets**	**1.0**	**1.0**	**1.0**	**1.0**
Flexible Use of Capital Receipts	**1.0**	**1.0**	**1.0**	**1.0**

* Anticipated MRP based on new accounting policy calculation and achieving capital receipts target

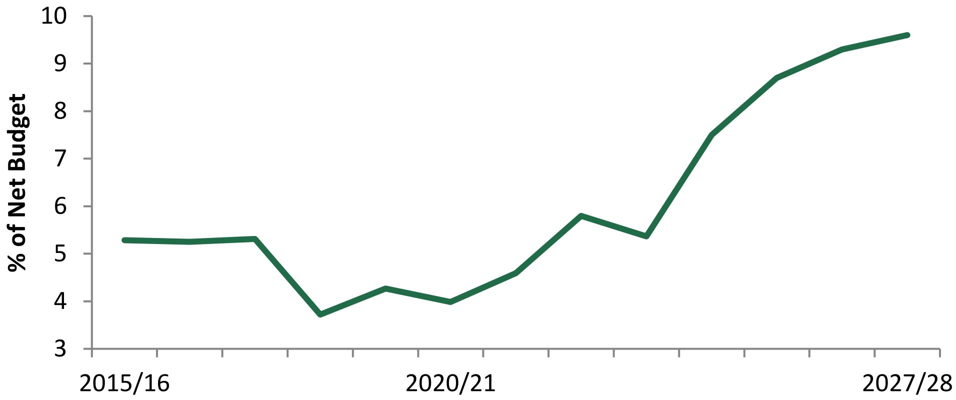
** Underspend has arisen due to the proposed change in the accounting policy for calculation of MRP with effect from 1st April 2024

Repayment of Borrowing

5.50. 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.

5.51. 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 costs of repaying debt are spread over the life of the asset, similar to depreciation.

Chart 3: Capital Financing as a percentage of Net Budget



Accounting Policy Change for Calculation of MRP

5.52. Since 2017 the MRP calculation has been based upon a 2% Annuity rate. CIPFA Guidance states that "the rate chosen should fairly represent the circumstances as they are likely to apply over the life of a particular project." It is now felt that applying 2% annuity does not accurately reflect the current conditions and it is proposed that this is changed with effect from 1st April 2024.

5.53. The proposed change is to use the opening PLWB Annuity rate each year, from 1st April 2024, and use that to calculate the MRP for expenditure in that year. This will better reflect the actual cost of borrowing at the time the expenditure is incurred. By applying the opening rate greater certainty can be provided for outturn forecasting and longer-term trends will be incorporated with the opening rate changes year on year.

5.54. Using an annuity calculation seeks to charge an overall equivalent amount to revenue year on year for a project. This is partly the interest cost of the borrowing and partly the MRP. In early years when the principal amount of borrowing outstanding is higher the interest cost is higher, but the amount of capital repayment is lower (MRP). In later years, the principal outstanding is lower so the associated interest cost is less and the capital repayment, or MRP, should therefore be higher.

5.55. At present the revenue account is being charged with the higher interest costs (due to increased interest rates over the last couple of years) but the MRP element (on 2% annuity) has not been reduced to match. By moving to more current PWLB annuity rates the higher interest costs in the earlier years of borrowing are better recognised and the MRP reduces. As time progresses the interest cost for that project borrowing will reduce and the MRP will increase. This maintains an overall more even total charge to the revenue for a project year on year

5.56. The impact of this change in accounting policy overall will be to reduce our MRP charges in 2024-25 and throughout the term of the MTFS (and indeed up until 2036/37) on amounts already committed to and in the proposed MTFS 2025-29. The beneficial effect on the 2024/25 position will be reported as part of the 2024/25 outturn report.

5.57. The reduced MRP repayments does mean that the total Capital Financing Requirement remains higher for longer, but will fall more quickly in later years, and there is a greater interest cost than previously forecast across the MTFS but the net effect is an overall reduction to the Capital Financing Budget. See Table 2 below.

Table 2 Impact to CFB of accounting policy change	2024/25	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
MRP Change	(3.83)	(4.36)	(4.42)	(4.00)	(3.57)
Interest rate change	0	0.19	0.36	0.54	0.69
Net Change to Capital Financing Budget required	**(3.83)**	**(4.17)**	**(4.06)**	**(3.46)**	**(2.89)**

5.58. The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in **Annex B**. This includes the change to accounting policy and 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.

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

5.60. The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short-term loans where possible. As interest rates are expected to fall over the next 12 to 24 months it is likely to be more cost effective over the medium to long term to continue with this strategy through 2025-26.

Investment Income

5.61. The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.

5.62. The Section 151 Officer, with advice from treasury management advisors, is responsible for considering the prudent level of available balances in any year and then assessing risk against potential financial returns to determine a level of income to be achieved from investments.

5.63. The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.

Contributions from Services

5.64. 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.

5.65. When including any scheme in the Council's Capital Programme the Section 151 Officer and Capital Programme Board 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.

5.66. 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.

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

Use of Financing Earmarked Reserve

5.68. To allow a longer-term approach to setting the Financial parameters of the Capital Strategy the Council maintains an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.

5.69. As the Financing Earmarked Reserve will be fully drawn in 2024/25, any underspend against the Capital Financing Budget will be returned to the Capital Financing Reserve to support future years.

Capital Receipts from Asset Disposals

5.70. The Council has a substantial land and property estate, mainly for operational service requirements and administrative buildings.

5.71. Council Plans, such as the Local Plan, Local Transport Plan, Farms Strategy and Asset Management Plans, set the strategic framework for significant land and property asset disposals and acquisitions associated with these key areas. In each financial year the net impact of these plans will allow the Section 151 Officer, in consultation with the Executive Director for Place, to determine the net impact of disposals and acquisitions on the CFB.

5.72. Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs, included within the new flexibilities provisions, as and when received.

5.73. The Council will continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas unless a suitable business case is made available, but instead subject to any claw back provisions, to allocate resources in accordance with key aims and priorities. Capital receipts have been an important source of finance in previous financial years.

5.74. The Council's current strategy is to realise net receipts of £4.0m for the period 2025/26 to 2028/29 and that these receipts will reduce the overall Capital Financing Budget.

5.75. The Council is looking to rationalise assets over this period with a view to bringing in additional capital receipts. These additional capital receipts will be utilised at the discretion of the Section 151 Officer to best support the Council's revenue position. Options that will be considered include supporting the transformation programme as flexible capital receipts, repayment of EFS to reduce annual borrowing and MRP costs, repayment of borrowing for the capital programme, particularly short-term high-cost items (e.g. ICT).

5.76. Following the current period of transformation the intention is that first use of additional capital receipts will always be to support the capital financing budget to bring the overall capital financing requirement down to a long term affordable and sustainable position.

Flexible use of Capital Receipts

5.77. Following the 2015 Spending Review, in March 2016 DLUHC (formerly MHCLG) published statutory guidance on the flexible use of capital receipts initially for a three-year period covering 2016/17 to 2018/19. The guidance has been updated a number of times since then and most recently in December 2023 which has allowed the flexibility to continue to use Capital Receipts to fund transformational programmes within councils now extends to March 2030.

5.78. The MTFS includes plans to utilise £1.0m of capital receipts to offset the cost of transformational projects each year over the period 2025/26 to 2028/29. The Strategy for 2025/26 is shown at **Annex D**. A wider disposal programme is under way which is forecast to generate larger capital receipts but decisions on use of any additional capital receipts has not yet been taken and will be within the remit of Section 151 Officer to determine best use in managing the Councils finances.

Government Grants

5.79. Government capital grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.

5.80. Overall Government funding has reduced in recent years, but the Council still receives Government grants including:

- DfT Local Transport Plan
- Housing Infrastructure Fund
- Disabled Facilities Grants
- DfE Devolved Formula Capital; Schools Condition, Basic Needs and High Needs / SEN Allocations

5.81. The Council's strategy is to ring-fence capital grants to the service that they are allocated to.

Developer Contributions

5.82. Developer contributions will be sought to ensure that the necessary physical, social, public realm, economic and green infrastructure is in place to deliver development. Contributions will be used to mitigate the adverse impacts of development and to help facilitate the infrastructure needed to support sustainable development.

5.83. Development proposals will be expected to provide a contribution to the cost of infrastructure including initial design, capital costs and ongoing revenue such as the maintenance of services and facilities.

5.84. The Council's strategy has been to forward fund anticipated Section 106 contributions for major infrastructure and education schemes. However, given the current financial burden of the capital programme future forward funding for schemes will not be undertaken except in exceptional circumstances.

Community Infrastructure Levy (CIL)

5.85. The Community Infrastructure Levy (CIL) is a planning charge on new development which became operational in Cheshire East on 1 March 2019. The Levy allows the Council to raise financial contributions from certain chargeable development in the borough such as housing (except affordable housing, self-build housing and apartments) and retail development at the Crewe Grand Junction and Handforth Dean retail parks. The CIL regulations require councils to spend the monies raised on the infrastructure needed to support the development of their area. The definition of infrastructure allows a broad range of facilities to be funded such as play areas, open spaces, parks and green spaces, cultural and sports facilities, as well as those relating to transport, health and education. CIL monies can be used in conjunction with S106 contributions and other monies to deliver infrastructure.

5.86. The Council passes on either 15% or 25% of its CIL receipts to the town or parish council where the CIL chargeable development has taken place, with the higher amount being paid to those councils with a Neighbourhood Plan. The Council will use the MTFS process to allocate the remaining CIL receipts and this will be done within the general framework detailed below:

- Up to 5% of the receipts will go towards the costs of administering CIL and the rest will be used to deliver the Council's planned infrastructure priorities;
- The Council's infrastructure priorities will be identified in its annual Infrastructure Funding Statement (IFS) which will be published on the Council's website by the end of December each year. This will also contain details on the amount of CIL receipts received, spent and remaining unspent in the previous financial year;
- CIL monies will only be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of Cheshire East;
- The Capital Programme Board will review requests for spend of receipted CIL monies to ensure that they are in accordance with CIL regulations and for the delivery of infrastructure priorities.

Funding Capital Expenditure

5.87. The inclusion of schemes within the Council's capital budget is intrinsically linked with the way schemes can be financed. This ensures that the affordability of the capital programme reflects the organisation's long-term objectives rather than short-term expedience.

5.88. The Council's strategy is to fund capital expenditure in the first instance from sources other than the Council's Capital Financing Revenue Budget.

5.89. Capital expenditure may be funded directly from revenue, but not vice-versa. Overall financial pressure on the Council makes returns on capital investment a key element of the overall financial stability of the Medium-Term Financial Strategy.

5.90. Capital budgeting differs from revenue budgeting because:

- The need for capital investment tends to fluctuate year on year to a much greater degree than the need for revenue spending.
- There is usually significant discretion over how or when to make use of the capital funding that is potentially available, such as determining the level of borrowing and the use made of capital receipts in a particular period.
- There is usually significant discretion over when particular capital projects take place. Capital budgets, unlike revenue budgets, can usually be carried forward from one year to another.
- Many public sector organisations are able to fund capital expenditure from sources that they are not permitted to use to fund revenue expenditure, such as borrowing.

5.91. The Section 151 Officer will therefore use judgement, as part of the medium-term financial planning process, to determine how schemes can be accommodated within the overall programme, depending on the organisation's overall financial position and its capital investment priorities.

5.92. The Council will ensure every effort is made to provide value for money from capital expenditure, and to maximise the local benefits from capital projects the Council will always target alternative funding sources before committing to contributions from the funding parameters set within the MTFS. All high-level business cases will therefore contain reference to benefits realisation.

5.93. All high-level business cases will include information on how alternative funding sources have been considered. All capital scheme budget managers will also provide regular updates on the status of all funding sources, as required by the Section 151 Officer. Funding sources will be categorised as either 'received', 'contractually committed' or 'in negotiation'.

Contingencies in the Capital Programme

5.94. In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (for example the cost of asbestos removal).

5.95. For this reason, the Council will develop a structured process of identifying and managing risk. In the initial stages of a project these are necessarily broad estimates due to the number of unknown factors. As projects progress the unknown factors will become clearer and project managers will focus on managing these in the most effective way possible, utilising contingencies to do so as needed.

5.96. The process of identifying risk will be two stage, firstly at the project development stage with further refinement at the contract award stage.

5.97. As part of the Capital Programme Review all project contingencies will be assessed to ensure they are appropriate. Approval to access any contingency element must have clear written controls as to when they can be accessed and who has authority to release the contingent funds.

4. Investment and Risk Strategy

5.98. The Council is faced with diminishing capital finance and reduced access to grants and external funding. Spend will need to be monitored effectively against available funds. The Council has seen an increase in costs for a number of its key projects due to inflationary pressures being experienced nationwide. This pressure is likely to continue in the forthcoming years.

5.99. A risk management framework is in place and the core of this framework is set out in the Corporate Risk Management Strategy. Each directorate has its own operational risk register which integrates the relevant directorate Performance Strategy, improvement plans and budgets. In accordance with the HM Treasury Five Case model, a detailed Risk Assessment must be completed for each capital scheme.

5.100. Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked reserves provides protection for Council Taxpayers against year on year fluctuations in expenditure.

5.101. The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of this strategy. Effective procurement is therefore essential, and the Council seeks to apply rigorous procurement standards in the selection of suppliers and contractors throughout the life of a project.

5.102. The Capital Programme should be kept under review having regard to the prevailing economic climate, property market and Government policy. Capital receipts estimates should therefore be kept under review with any significant changes reflected in reporting.

5. Governance

5.103. It is important given the risks surrounding Capital Projects that the appropriate governance arrangements are in place:

- The Capital Strategy, including the overall Capital Programme to be approved annually as part of the Medium-Term Financial Strategy at full Council.
- Updates to the capital programme will be reported to the relevant Committee on a regular basis.
- Committees will review progress against the capital programme and monitor levels of slippage against reported profiled spend.
- Management of Committee work programmes provides the opportunity for Members to consider how scrutiny and amendment of the capital programme ensures alignment to the Council's ambitions.
- Proposals for inclusion in the Capital programme can be made throughout the year. All schemes are subject to approval in accordance with the Finance Procedure Rules before inclusion in the programme.
- The Capital Programme Board will have oversight of the Capital Programme and will develop the overall Capital Strategy and annual programme in accordance with the priorities set out in the Council's corporate plan and with due consideration of financial implications to ensure it is affordable, financially prudent and sustainable.
- An officer group, the Assets Board, meets monthly and is chaired by the Director of Growth & Enterprise. The Board has a key role in the development and implementation of the strategy and reviews performance of the programme.
- The board has strategic oversight of land and property assets and reports on acquisition, disposal, development and management strategies.

Knowledge and Skills

5.104. The Capital Strategy and Treasury Management and Investment Strategies are managed by a team of professionally qualified accountants with extensive local government finance experience between them. They all follow a Continuous Professional Development plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

5.105. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities. She is a professionally qualified accountant and follows an ongoing CPD programme.

5.106. The Senior Responsible Officers and Project Managers who manage a capital project receive training which provides up to date information on the CIPFA Code of Practice, the Prudential Code, principles of capital accounting including eligible capital expenditure, capital funding and the capital financing budget.

Background Papers

Cheshire East Reports –

- Statement of Accounts
- Medium-Term Financial Strategy
- Quarterly Review of Finance Reports
- Financial Resilience - Value for Money
- Finance Procedure Rules

Arlingclose Ltd, Independent Treasury Management Advisors –

- Capital Strategy Template

Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (CIPFA)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2019)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2019 and 2021)

Annex A: Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2025/26 - 2028/29

	Prior Years £000	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000	Total Budget £000
Committed Schemes - In Progress						
Adults and Health	0	389	0	0	0	**389**
Children and Families	43,184	37,723	24,104	20,749	0	**125,760**
Corporate Policy	68,440	6,389	1,173	0	0	**76,003**
Economy & Growth	135,466	35,629	28,723	38,975	39,563	**278,356**
Environment & Communities	14,546	18,383	8,402	3,101	0	**44,432**
Highways & Transport	308,265	58,048	42,163	38,178	109,947	**556,602**
Total Committed Schemes - In Progress	**569,902**	**156,561**	**104,566**	**101,003**	**149,510**	**1,081,542**

CAPITAL PROGRAMME 2025/26 - 2028/29

	Prior Years £000	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000	Total Budget £000
New Schemes						
Adults and Health	0	0	0	0	0	0
Children and Families	0	0	0	0	0	**0**
Corporate Policy	0	6,356	3,755	3,754	600	**14,465**
Economy & Growth	0	1,758	3,426	4,395	7,191	**16,770**
Environment & Communities	0	7,580	0	0	0	**7,580**
Highways & Transport	0	8,147	12,960	13,069	11,502	**45,678**
Total New Schemes	**0**	**23,841**	**20,141**	**21,218**	**19,293**	**84,493**
Total Capital Schemes	**569,902**	**180,402**	**124,707**	**122,222**	**168,803**	**1,166,035**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2025/26 - 2028/29

Funding Requirement

	Prior Years £000	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000	Total Budget £000
Indicative Funding Analysis:						
Government Grants	236,488	99,122	80,039	33,469	111,051	**560,168**
External Contributions	27,055	16,315	12,705	36,626	29,088	**121,790**
Revenue Contributions	552	6,486	0	0	0	**7,038**
Capital Receipts	1,847	731	1,325	21,853	11,588	**37,344**
Prudential Borrowing (See note 1)	303,960	57,748	30,639	30,273	17,076	**439,695**
Total	**569,902**	**180,402**	**124,707**	**122,222**	**168,803**	**1,166,035**

Note 1:

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.

Adults and Health CAPITAL

CAPITAL PROGRAMME 2025/26 - 2028/29

Scheme Description	Total Approved Budget £000	Forecast Expenditure: Prior Years £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Forecast Funding: Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes													
Adult Social Care													
Electronic Call Monitoring System	389	0	389	0	0	0	**389**	0	0	389	0	0	**389**
Total Adults Social Care Schemes	**389**	**0**	**389**	**0**	**0**	**0**	**389**	**0**	**0**	**389**	**0**	**0**	**389**

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CAPITAL PROGRAMME 2025/26-2028/29

Scheme Description	Total Approved Budget £000	Forecast Expenditure Prior Years £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Forecast Funding Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes													
Childrens Social Care													
Children's Home Sufficiency Scheme	1,404	904	500	0	0	0	**500**	0	0	0	0	500	**500**
Crewe Youth Zone	4,826	2,420	2,406	0	0	0	**2,406**	1,559	0	0	0	847	**2,406**
Family Hubs Transformation	236	131	105	0	0	0	**105**	105	0	0	0	0	**105**
Foster Carer Capacity Scheme	534	484	50	0	0	0	**50**	0	0	0	0	50	**50**
Total Children's Social Care	**7,001**	**3,940**	**3,061**	**0**	**0**	**0**	**3,061**	**1,664**	**0**	**0**	**0**	**1,397**	**3,061**
Strong Start, Family Help & Integration													
Childcare Capital Expansion	749	449	300	0	0	0	**300**	300	0	0	0	-	**300**
Early Years Sufficiency Capital Fund	1,036	957	79	0	0	0	**79**	79	0	0	0	-	**79**
Total Strong Start, Family Help & Integration	**1,785**	**1,406**	**379**	**0**	**0**	**0**	**379**	**379**	**0**	**0**	**0**	**0**	**379**
Education and 14-19 Skills													
Adelaide Academy	904	155	748	0	0	0	**748**	578	0	0	0	170	**748**
Basic Need Grant Allocation	7,570	5,127	2,442	0	0	0	**2,442**	2,442	0	0	0	0	**2,442**
Congleton Planning Area - Primary (1)	2,209	179	2,030	0	0	0	**2,030**	764	1,266	0	0	0	**2,030**
Congleton Planning Area - Primary (3)	7,504	54	0	2,200	5,250	0	**7,450**	4,250	3,200	0	0	0	**7,450**
Devolved Formula Grant - Schools	1,533	893	330	310	0	0	**640**	640	0	0	0	0	**640**
Energy Efficiency Grant - Schools	672	672	0	0	0	0	**0**	0	0	0	0	0	**0**
Gainsborough Primary - Flooring	304	50	254	0	0	0	**254**	254	0	0	0	0	**254**
Handforth Planning Area - New School	13,003	103	400	4,000	8,499	0	**12,899**	126	12,773	0	0	0	**12,899**
Macclesfield Planning Area - Secondary New	731	5	725	0	0	0	**725**	725	0	0	0	0	**725**
Macclesfield Planning Area - New School	4,001	1	0	0	4,000	0	**4,000**	0	4,000	0	0	0	**4,000**

CAPITAL PROGRAMME 2025/26-2028/29

		Forecast Expenditure						Forecast Funding					
Scheme Description	**Total Approved Budget £000**	**Prior Years £000**	**Forecast Budget 2025/26 £000**	**Forecast Budget 2026/27 £000**	**Forecast Budget 2027/28 £000**	**Forecast Budget 2028/29 £000**	**Total Forecast Budget 2025-29 £000**	**Grants £000**	**External Contributions £000**	**Revenue Contributions £000**	**Capital Receipts £000**	**Prudential Borrowing £000**	**Total Funding £000**
Committed Schemes													
Education and 14-19 Skills (continued)													
Malbank High School	1,922	1,922	0	0	0	0	**0**	0	0	0	0	0	**0**
Mobberley Primary School	1,208	37	609	561	0	0	**1,170**	870	0	0	300	0	**1,170**
Nantwich Planning Area (Primary Schools - 210	9,061	1,233	7,328	500	0	0	**7,828**	5,308	2,520	0	0	0	**7,828**
New Satellite school - 2	9,000	50	950	5,000	3,000	0	**8,950**	8,950	0	0	0	0	**8,950**
New SEN places - Springfields Wilmslow /Dean Row	1,089	339	750	0	0	0	**750**	750	0	0	0	0	**750**
New SEN Free School	998	5	745	248	0	0	**993**	993	0	0	0	0	**993**
Poynton Planning Area	1,500	113	1,387	0	0	0	**1,387**	584	803	0	0	0	**1,387**
Provision of Sufficient School Places - SEND (Springfield Crewe)	7,182	6,861	322	0	0	0	**322**	0	0	0	0	322	**322**
Schools Condition Capital Grant	7,828	3,828	2,000	2,000	0	0	**4,000**	4,000	0	0	0	0	**4,000**
SEN/High Needs Capital Allocation	5,327	327	2,500	2,500	0	0	**5,000**	5,000	0	0	0	0	**5,000**
Shavington Planning Area - New Primary School	8,040	256	1,000	6,784	0	0	**7,784**	5,449	2,335	0	0	0	**7,784**
Springfield Satellite Site - Middlewich	6,000	500	5,500	0	0	0	**5,500**	5,500	0	0	0	0	**5,500**
Tytherington High School	2,800	272	2,528	0	0	0	**2,528**	2,528	0	0	0	0	**2,528**
Wheelock Primary School	2,411	1,201	1,210	0	0	0	**1,210**	1,210	0	0	0	0	**1,210**
Wilmslow High School BN	14,179	13,654	525	0	0	0	**525**	0	477	0	0	48	**525**
Total Education & 14-19 Skills	**116,975**	**37,838**	**34,284**	**24,104**	**20,749**	**0**	**79,137**	**50,923**	**27,374**	**0**	**300**	**540**	**79,137**
													0
Total Committed Schemes	**125,760**	**43,184**	**37,723**	**24,104**	**20,749**	**0**	**82,577**	**52,966**	**27,374**	**0**	**300**	**1,937**	**82,577**
New Schemes													
Education and 14-19 Skills													
	0	0	0	0	0	0	**0**	0	0	0	0	0	**0**
Total New Schemes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Children and Families Schemes	**125,760**	**43,184**	**37,723**	**24,104**	**20,749**	**0**	**82,577**	**52,966**	**27,374**	**0**	**300**	**1,937**	**82,577**

Corporate Policy

CAPITAL

CAPITAL PROGRAMME 2025/26 - 2028/29

Scheme Description	Total Approved Budget £000	Forecast Expenditure: Prior Years £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Forecast Funding: Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes													
ICT Services													
Accelerate Digital	1,460	760	700	0	0	0	**700**	0	0	0	0	700	**700**
Care Act Phase 2	6,314	5,234	1,080	0	0	0	**1,080**	0	0	0	0	1,080	**1,080**
ICT Device Replacement	1,912	1,412	500	0	0	0	**500**	0	0	0	0	500	**500**
IADM (Information Assurance and Data Management)	19,465	18,065	1,400	0	0	0	**1,400**	0	0	0	0	1,400	**1,400**
Infrastructure Investment Programme (IIP)	34,429	31,796	1,804	830	0	0	**2,634**	0	0	0	0	2,634	**2,634**
Vendor Management	1,006	788	218	0	0	0	**218**	0	0	0	0	218	**218**
Total ICT Services Schemes	**64,586**	**58,054**	**5,702**	**830**	**0**	**0**	**6,532**	**0**	**0**	**0**	**0**	**6,532**	**6,532**
Finance & Customer Services													
Core Financials	11,317	10,362	662	293	0	0	**955**	0	0	0	0	955	**955**
Vendor Management - Phase 2	99	24	25	50	0	0	**75**	0	0	0	0	75	**75**
Total Finance & Customer Services Schemes	**11,417**	**10,386**	**687**	**343**	**0**	**0**	**1,030**	**0**	**0**	**0**	**0**	**1,030**	**1,030**
Total Committed Schemes	**76,003**	**68,440**	**6,389**	**1,173**	**0**	**0**	**7,562**	**0**	**0**	**0**	**0**	**7,562**	**7,562**
New Schemes													
Finance & Customer Services													
Core Business Systems	1,826	0	334	492	800	200	**1,826**	0	0	0	0	1,826	**1,826**
ICT Services													
Accelerate Digital – (Digital efficiencies) Capital	4,259	0	1,532	1,350	1,377	0	**4,259**	0	0	0	0	4,259	**4,259**
Digital Blueprint - Capital	6,530	0	3,490	1,663	1,377	0	**6,530**	0	0	0	0	6,530	**6,530**
ICT Device Replacement		0	1,000	250	200	400	**1,850**	0	0	0	0	1,850	**1,850**
Total New Schemes	**12,615**	**0**	**6,356**	**3,755**	**3,754**	**600**	**14,465**	**0**	**0**	**0**	**0**	**14,465**	**14,465**
Total Corporate Policy	**88,618**	**68,440**	**12,745**	**4,928**	**3,754**	**600**	**22,027**	**0**	**0**	**0**	**0**	**22,027**	**22,027**

CAPITAL PROGRAMME 2025/26 - 2028/29

Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
		Forecast Expenditure						Forecast Funding					
Committed Schemes													
Culture & Tourism													
Countryside Vehicles	1,579	790	355	217	217	0	**789**	0	0	0	0	789	**789**
Culture & Tourism S106 Schemes	509	97	385	5	5	17	**412**	0	412	0	0	0	**412**
Green Infrastructure Structures Investment	384	0	271	113	0	0	**384**	0	0	0	0	384	**384**
New Archives Premises CTC1	7,115	442	6,433	240	0	0	**6,673**	0	0	0	0	6,673	**6,673**
PROW CMM A6 MARR	104	74	29	0	0	0	**29**	29	0	0	0	0	**29**
Tatton Park Investment Phase 2	2,844	1,434	684	725	0	0	**1,409**	0	0	0	0	1,409	**1,409**
Total Culture & Tourism Committed Schemes	**12,534**	**2,837**	**8,158**	**1,300**	**222**	**17**	**9,697**	**29**	**412**	**0**	**0**	**9,255**	**9,697**
Economic Development													
Crewe Towns Fund - Mill Street Corridor	4,027	3,229	798	0	0	0	**798**	798	0	0	0	0	**798**
Crewe Towns Fund - Crewe Youth Zone non-grant costs	351	188	163	0	0	0	**163**	163	0	0	0	0	**163**
Crewe Towns Fund - Repurposing Our High Streets	1,132	625	507	0	0	0	**507**	507	0	0	0	0	**507**
Crewe Town Centre Regeneration	32,293	31,293	1,000	0	0	0	**1,000**	0	0	0	0	1,000	**1,000**
Connecting Cheshire Phase 3	8,000	928	2,000	2,200	2,000	872	**7,072**	0	7,072	0	0	0	**7,072**
Connecting Cheshire 2020	9,250	6,265	0	0	0	2,985	**2,985**	2,985	0	0	0	0	**2,985**
Handforth Heat Network	13,219	680	50	450	12,039	0	**12,539**	1,924	7,428	0	0	3,187	**12,539**
History Centre Public Realm & ICV (Crewe Towns Fund)	580	210	370	0	0	0	**370**	370	0	0	0	0	**370**
Leighton Green	2,096	1,618	478	0	0	0	**478**	0	0	0	0	478	**478**
South Macclesfield Development Area	34,630	3,359	100	0	0	31,171	**31,271**	10,000	10,000	0	11,271	0	**31,271**
Macclesfield Indoor Market Refurbishment (MIMR)	2,213	1,713	500	0	0	0	**500**	500	0	0	0	0	**500**
Nantwich Town Centre Public Realm Improvements	100	0	100	0	0	0	**100**	0	100	0	0	0	**100**
North Cheshire Garden Village	57,866	12,287	6,588	17,285	21,706	0	**45,579**	15,044	0	0	21,700	8,835	**45,579**
Handforth Garden Village s106 Obligations	6,841	0	0	2,740	0	4,101	**6,841**	0	0	0	0	6,841	**6,841**
UK Shared Prosperity Fund - Core	1,150	950	200	0	0	0	**200**	200	0	0	0	0	**200**
Total Economic Development Committed Schemes	**173,748**	**63,345**	**12,854**	**22,675**	**35,744**	**39,129**	**110,402**	**32,491**	**24,600**	**0**	**32,971**	**20,341**	**110,402**

CAPITAL PROGRAMME 2025/26 - 2028/29

		Forecast Expenditure						Forecast Funding					
Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes													
Facilities Management													
PSDS - 3B - Lot 1	1,028	904	124	0	0	0	**124**	124	0	0	0	0	**124**
PSDS - 3C	1,672	324	1,349	0	0	0	**1,349**	1,159	0	0	0	189	**1,349**
Septic Tanks	636	310	75	251	0	0	**326**	0	0	0	0	326	**326**
Schools Capital Maintenance	8,315	7,271	1,044	0	0	0	**1,044**	1,044	0	0	0	0	**1,044**
Premises Capital (FM)	39,691	36,053	2,488	1,149	0	0	**3,637**	0	0	0	0	3,637	**3,637**
Poynton Pool Spillway	1,380	744	636	0	0	0	**636**	0	0	0	0	636	**636**
Total Facilities Management Committed Schemes	**52,722**	**45,606**	**5,716**	**1,400**	**0**	**0**	**7,116**	**2,327**	**0**	**0**	**0**	**4,789**	**7,116**
Estates													
Corporate Landlord - Non-Operational	1,336	0	1,336	0	0	0	**1,336**	0	0	0	0	1,336	**1,336**
Malkins Bank Landfill Site	1,360	777	583	0	0	0	**583**	0	0	0	0	583	**583**
Farms Strategy	2,910	1,744	331	209	209	417	**1,166**	0	0	0	1,166	0	**1,166**
Total Estates Committed Schemes	**5,606**	**2,521**	**2,250**	**209**	**209**	**417**	**3,085**	**0**	**0**	**0**	**1,166**	**1,919**	**3,085**
Housing													
Crewe Towns Fund - Warm and Healthy Homes	2,126	858	1,268	0	0	0	**1,268**	1,268	0	0	0	0	**1,268**
Disabled Facilities	22,025	13,761	2,664	2,800	2,800	0	**8,264**	8,264	0	0	0	0	**8,264**
Green Homes Grant	3,105	2,427	339	339	0	0	**678**	678	0	0	0	0	**678**
Home Repairs Vulnerable People	1,338	936	402	0	0	0	**402**	0	0	0	0	402	**402**
Home Upgrade Grant Phase 2	4,409	2,740	1,669	0	0	0	**1,669**	1,669	0	0	0	0	**1,669**
Local Authority Housing Fund	742	433	309	0	0	0	**309**	309	0	0	0	0	**309**
Total Housing Committed Schemes	**33,746**	**21,156**	**6,651**	**3,139**	**2,800**	**0**	**12,590**	**12,188**	**0**	**0**	**0**	**402**	**12,590**
Total Committed Schemes	**278,356**	**135,466**	**35,629**	**28,723**	**38,975**	**39,563**	**142,890**	**47,035**	**25,012**	**0**	**34,136**	**36,706**	**142,890**
New Schemes													
Culture & Tourism													
Green Structures investment (Public Rights of Way)	512	0	0	126	195	191	**512**	0	0	0	0	512	**512**
Housing													
Disabled Facilities	6,136	0	936	800	800	3,600	**6,136**	2,800	0	0	0	3,336	**6,136**
Facilities Management													
Septic Tanks	949	0	0	149	400	400	**949**	0	0	0	0	949	**949**
Premises Capital	9,173	0	822	2,351	3,000	3,000	**9,173**	0	0	0	0	9,173	**9,173**
Total Economic Development New Schemes	**16,770**	**0**	**1,758**	**3,426**	**4,395**	**7,191**	**16,770**	**2,800**	**0**	**0**	**0**	**13,970**	**16,770**
Total Economy and Growth Schemes	**295,126**	**135,466**	**37,387**	**32,149**	**43,370**	**46,754**	**159,660**	**49,835**	**25,012**	**0**	**34,136**	**50,676**	**159,660**

CAPITAL PROGRAMME 2025/26 - 2028/29

Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Expenditure: Forecast Budget 2025/26 £000	Forecast Expenditure: Forecast Budget 2026/27 £000	Forecast Expenditure: Forecast Budget 2027/28 £000	Forecast Expenditure: Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Forecast Funding: Grants £000	Forecast Funding: External Contributions £000	Forecast Funding: Revenue Contributions £000	Forecast Funding: Capital Receipts £000	Forecast Funding: Prudential Borrowing £000	Total Funding £000
Committed Schemes													
Environment Services													
Booth Bed Lane, Goostrey	140	40	100	0	0	0	**100**	0	100	0	0	0	**100**
Bosley Village Play Area	20	10	10	0	0	0	**10**	0	10	0	0	0	**10**
Carbon Offset Investment	568	268	300	0	0	0	**300**	0	0	0	0	300	**300**
Carnival Fields	42	0	42	0	0	0	**42**	0	42	0	0	0	**42**
Closed Cemeteries	152	50	102	0	0	0	**102**	0	0	0	0	102	**102**
Fleet EV Transition	6,897	1,596	3,301	2,000	0	0	**5,301**	0	0	0	0	5,301	**5,301**
Fleet Vehicle Electric Charging	585	305	140	140	0	0	**280**	0	0	0	0	280	**280**
Green Investment Scheme (Solar Farm)	3,950	3,944	6	0	0	0	**6**	0	0	0	0	6	**6**
Household Waste Recycling Centres	860	270	590	0	0	0	**590**	0	0	0	0	590	**590**
Jim Evison Playing Fields	161	0	161	0	0	0	**161**	0	161	0	0	0	**161**
Litter and Recycling Bins	208	136	25	25	22	0	**72**	0	0	0	0	72	**72**
Macclesfield Chapel Refurbishment	429	29	400	0	0	0	**400**	0	0	0	0	400	**400**
Park Development Fund	846	723	36	87	0	0	**123**	0	0	0	0	123	**123**
Review of Household Waste Recycling Centres	1,000	100	900	0	0	0	**900**	0	0	0	0	900	**900**
Solar Energy Generation	14,180	101	6,000	5,000	3,079	0	**14,079**	0	0	0	0	14,079	**14,079**
The Carrs Improvement Project	61	15	46	0	0	0	**46**	0	46	0	0	0	**46**
Weekly Food Waste Collections	2,712	80	2,132	500	0	0	**2,632**	2,632	0	0	0	0	**2,632**
Woodland South of Coppice Way, Handforth	89	73	16	0	0	0	**16**	0	16	0	0	0	**16**
Wybunbury St Chad's Closed Cemetery	219	0	219	0	0	0	**219**	0	0	0	0	219	**219**
Total Environment Services Schemes	**33,120**	**7,741**	**14,525**	**7,752**	**3,101**	**0**	**25,379**	**2,632**	**375**	**0**	**0**	**22,371**	**25,379**
Neighbourhood Services											0		
Crewe Towns Fund - Valley Brook Green Corridor	3,339	1,699	1,640	0	0	0	**1,640**	1,640	0	0	0	0	**1,640**
Crewe Towns Fund - Cumberland Arena	3,093	2,268	825	0	0	0	**825**	825	0	0	0	0	**825**
Crewe Towns Fund - Pocket Parks	1,481	1,088	393	0	0	0	**393**	393	0	0	0	0	**393**
Strategic Leisure Review	3,400	1,750	1,000	650	0	0	**1,650**	0	0	0	0	1,650	**1,650**
Total Neighbourhood Services	**11,313**	**6,805**	**3,858**	**650**	**0**	**0**	**4,508**	**2,858**	**0**	**0**	**0**	**1,650**	**4,508**
Total Committed Schemes	**44,432**	**14,546**	**18,383**	**8,402**	**3,101**	**0**	**29,886**	**5,489**	**375**	**0**	**0**	**24,021**	**29,886**
New Schemes													
Environment Services													
Weekly Food Waste Collections - Additional Capital Requirement	5,497	0	5,497	0	0	0	**5,497**	0	0	5,497	0	0	**5,497**
Macclesfield Cemetery Second Chapel	600	0	600	0	0	0	**600**	0	0	600	0	0	**600**
Parks	1,483	0	1,483	0	0	0	**1,483**	0	1,483	0	0	0	**1,483**
Total New Schemes	**7,580**	**0**	**7,580**	**0**	**0**	**0**	**7,580**	**0**	**1,483**	**6,097**	**0**	**0**	**7,580**
Total Environment and Communities Schemes	**52,012**	**14,546**	**25,963**	**8,402**	**3,101**	**0**	**37,466**	**5,489**	**1,858**	**6,097**	**0**	**24,021**	**37,466**

CAPITAL PROGRAMME 2025/26- 2028/29

Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
		Forecast Expenditure						Forecast Funding					
Committed Schemes													
Strategic Infrastructure													
A500 Dualling scheme	89,456	11,131	950	0	0	77,375	**78,325**	74,025	4,300	0	0	0	**78,325**
A500 Corridor OBC Update	1,705	150	1,555	0	0	0	**1,555**	1,555	0	0	0	0	**1,555**
A50 / A54 Holmes Chapel	603	100	0	0	0	503	**503**	0	503	0	0	0	**503**
A54 / A533 Leadsmithy Street, Middlewich	563	176	0	0	0	387	**387**	0	387	0	0	0	**387**
A6 MARR Technical Design	473	280	194	0	0	0	**194**	70	124	0	0	0	**194**
A556 Knutsford to Bowdon	504	417	87	0	0	0	**87**	0	87	0	0	0	**87**
Peacock Roundabout Junction	750	52	500	0	0	198	**698**	0	698	0	0	0	**698**
Congleton Link Road	83,991	72,837	1,254	1,279	1,000	7,621	**11,154**	316	10,838	0	0	0	**11,154**
Crewe Green Roundabout	7,500	7,057	443	0	0	0	**443**	0	443	0	0	0	**443**
Future High Street Funding - Flag Lane Link	1,558	1,249	309	0	0	0	**309**	309	0	0	0	0	**309**
Highways & Infrastructure S106 Funded Schemes	4,702	1,791	1,179	494	0	1,238	**2,911**	107	2,804	0	0	0	**2,911**
Transport & Infrastructure Development Studies	350	60	290	0	0	0	**290**	290	0	0	0	0	**290**
Middlewich Eastern Bypass	96,600	27,268	22,140	22,876	19,849	4,467	**69,332**	45,748	14,611	0	0	8,973	**69,332**
Mill Street Corridor - Station Link Project	1,534	992	542	0	0	0	**542**	0	242	0	0	300	**542**
North-West Crewe Package	51,366	50,166	300	300	300	300	**1,200**	0	1,200	0	0	0	**1,200**
Old Mill Road / The Hill Junction	1,325	187	1,137	0	0	0	**1,137**	0	1,137	0	0	0	**1,137**
Poynton Relief Road	54,848	48,906	1,096	1,146	1,435	2,265	**5,942**	0	2,751	0	1,000	2,191	**5,942**
Sydney Road Bridge	10,501	10,137	200	165	0	0	**364**	0	364	0	0	0	**364**
Total Strategic Infrastructure Schemes	**408,330**	**232,957**	**32,176**	**26,260**	**22,584**	**94,353**	**175,373**	**122,420**	**40,490**	**0**	**1,000**	**11,464**	**175,373**
Highways													
Alderley Edge Bypass Scheme Implementation	60,611	60,384	227	0	0	0	**227**	0	0	0	0	227	**227**
Integrated Block - LTP	8,012	0	2,003	2,003	2,003	2,003	**8,012**	8,012	0	0	0	0	**8,012**
Incentive Fund - LTP	5,800	0	1,450	1,450	1,450	1,450	**5,800**	5,800	0	0	0	0	**5,800**
Maintenance Block - LTP	25,275	0	7,878	5,799	5,799	5,799	**25,275**	23,196	0	0	0	2,079	**25,275**
Managing and Maintaining Highways	4,712	0	4,712	0	0	0	**4,712**	0	0	0	0	4,712	**4,712**
Pothole Funding	23,196	0	5,799	5,799	5,799	5,799	**23,196**	23,196	0	0	0	0	**23,196**
Programme Management	1,547	1,515	33	0	0	0	**33**	33	0	0	0	0	**33**
Road Safety Schemes Minor Wks	6,423	6,323	100	0	0	0	**100**	0	0	0	0	100	**100**
Traffic Signal Maintenance	1,095	835	260	0	0	0	**260**	260	0	0	0	0	**260**
Ward Members Local Highway Measures	872	357	515	0	0	0	**515**	139	0	0	0	376	**515**
Winter Service Facility	958	771	97	89	0	0	**186**	0	0	0	0	186	**186**
Total Highways Schemes	**138,501**	**70,185**	**23,074**	**15,140**	**15,051**	**15,051**	**68,316**	**60,636**	**0**	**0**	**0**	**7,680**	**68,316**

CAPITAL PROGRAMME 2025/26- 2028/29

		Forecast Expenditure						Forecast Funding					
Scheme Description	Total Approved Budget £000	Prior Years £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Forecast Budget 2027/28 £000	Forecast Budget 2028/29 £000	Total Forecast Budget 2025-29 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Committed Schemes													
Strategic Transport & Parking Services													
Active Travel Fund	3,100	1,679	1,420	0	0	0	**1,420**	1,420	0	0	0	0	**1,420**
LEVI Capital Fund 23/24	2,172	0	543	543	543	543	**2,172**	2,172	0	0	0	0	**2,172**
Sustainable Travel Access Prog	2,438	2,238	200	0	0	0	**200**	200	0	0	0	0	**200**
Local Access - Crewe Transport Access Studies	400	188	212	0	0	0	**212**	212	0	0	0	0	**212**
Local Access - Macclesfield Transport Access Studies	300	161	139	0	0	0	**139**	139	0	0	0	0	**139**
LTP Development & Monitoring Studies	900	480	200	221	0	0	**421**	421	0	0	0	0	**421**
Digital Car Parking Solutions	140	113	27	0	0	0	**27**	0	0	0	0	27	**27**
Car Parking Improvements (including residents parking)	322	266	56	0	0	0	**56**	0	0	0	0	56	**56**
Total Strategic Transport & Parking Services Schemes	**9,771**	**5,124**	**2,797**	**764**	**543**	**543**	**4,647**	**4,563**	**0**	**0**	**0**	**83**	**4,647**
Total Committed Schemes	**556,602**	**308,265**	**58,048**	**42,163**	**38,178**	**109,947**	**248,336**	**187,619**	**40,490**	**0**	**1,000**	**19,228**	**248,336**
New Schemes													
Highways													
Highways Maintenance Capital	41,845	0	7,340	11,502	11,502	11,502	**41,845**	27,772	0	0	0	14,073	**41,845**
Highways: Depots (Macclesfield)	2,387	0	411	750	1,226	0	**2,387**	0	0	0	0	2,387	**2,387**
Highways: Depots (Wardle)	697	0	146	458	92	0	**697**	0	0	0	60	637	**697**
Total Highways	**44,928**	**0**	**7,897**	**12,710**	**12,820**	**11,502**	**44,928**	**27,772**	**0**	**0**	**60**	**17,097**	**44,232**
Strategic Transport & Parking Services													
Strategic Transport Model	750	0	250	250	250	0	**750**	0	0	0	0	750	**750**
Total Strategic Transport & Parking Services	**750**	**0**	**250**	**250**	**250**	**0**	**750**	**0**	**0**	**0**	**0**	**750**	**750**
Total New Schemes	**45,678**	**0**	**8,147**	**12,960**	**13,070**	**11,502**	**45,678**	**27,772**	**0**	**0**	**60**	**17,847**	**44,982**
Total Highways & Transport Schemes	**602,280**	**308,265**	**66,195**	**55,123**	**51,248**	**121,449**	**294,015**	**215,390**	**40,490**	**0**	**1,060**	**37,075**	**293,318**

Annex B: Prudential Indicators revisions to: 2024/25 and 2025/26 – 2028/29

Background

5.107. 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. There is a requirement to monitor and report the performance of the indictors on a quarterly basis during the financial year.

5.108. The following indicators have been prepared based on the assumption that the accounting policy change to the calculation of MRP, effective from 1st April 2024, is adopted.

Estimates of Capital Expenditure

5.109. In 2025/26, the Council is planning capital expenditure of £180.4m as summarised below:

Capital Expenditure	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
	144.7	180.4	124.7	122.2	168.8

Source: Cheshire East Finance

Capital Financing

5.110. 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	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Capital Receipts	0.1	0.7	1.3	21.9	11.6
Government Grants	88.8	99.1	80.1	33.4	111.0
External Contributions	14.3	16.3	12.7	36.6	29.1
Revenue Contributions	0.5	6.5	0.0	0.0	0.0
Total Financing	**103.7**	**123.4**	**94.1**	**91.9**	**151.7**

Capital Financing	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Prudential Borrowing	41.0	57.7	30.6	30.3	17.1
Total Funding	**41.0**	**57.7**	**30.6**	**30.3**	**17.1**
Total Funding and Financing	**144.7**	**180.4**	**124.7**	**122.2**	**168.8**

Source: Cheshire East Finance

Replacement of debt finance

5.111. 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	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Total	**14.9**	**18.9**	**22.5**	**24.4**	**25.9**

Source: Cheshire East Finance

5.112. The Council's full MRP Statement is available in **Annex C**.

Estimates of Capital Financing Requirement

5.113. 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 £27m during 2024/25. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Capital Financing Requirement	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Total	**488**	**501**	**568**	**598**	**613**

Source: Cheshire East Finance

Asset disposals

5.114. 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 for example. The Council is currently also permitted to spend capital receipts on service transformation project until 2024/25. Repayments of capital grants, loans and investments also generate capital receipts. The MTFS includes plans for the Council to receive £4.8m of capital receipts in the coming financial years as follows.

5.115. In addition to this £4.8m there is further work being carried out to achieve a greater level of capital receipts. The best use of those receipts to support the financial position of the Council will be at the discretion of the Section 151 Officer.

Capital Receipts	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Asset Sales	1.5	1.0	1.0	1.0	1.0
Loans Repaid	0.2	0.2	0.2	0.2	0.2
Total	**1.7**	**1.2**	**1.2**	**1.2**	**1.2**

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

5.116. 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 short-term loans (currently available at around 5.0% but expected to fall over next 12 to 18 months) and long-term fixed rate loans where the future cost is known (currently 4.7% – 4.8%).

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

Gross Debt and the Capital Financing Requirement	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Borrowing	337	368	465	527	565
PFI Liabilities	17	17	15	14	14
Total Debt	**354**	**385**	**480**	**541**	**579**
Capital Financing Requirement	**488**	**501**	**568**	**598**	**613**

Source: Cheshire East Finance

5.118. 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

5.119. 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 £331m and is forecast to rise to £479m over the next four years.

Borrowing and the Liability Benchmark	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Outstanding Debt	337	368	465	527	565
Liability Benchmark	331	351	424	466	479

Source: Cheshire East Finance

5.120. The table shows that the Council currently expects borrowing to exceed its liability benchmark over the period of the MTFS and therefore strategies that will reduce our total borrowing level in future years should be a priority.

Affordable borrowing limit

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

	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m	2027/28 Limit £m
Authorised Limit for Borrowing	570	590	590	590	590
Authorised Limit for Other Long-Term Liabilities	17	18	15	14	14
Authorised Limit for External Debt	**587**	**607**	**605**	**604**	**604**
Operational Boundary for Borrowing	560	580	580	580	580
Operational Boundary for Other Long-Term Liabilities	17	17	15	14	14
Operational Boundary for External Debt	**577**	**597**	**595**	**594**	**594**

Source: Cheshire East Finance

Investment Strategy

5.122. 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.

5.123. 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	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Short-term	20	20	20	20	20
Long-term	20	20	20	20	20
Total Investments	**40**	**40**	**40**	**40**	**40**

Source: Cheshire East Finance

5.124. Further details on treasury investments are in the Treasury Management Strategy, **Annex 7**.

5.125. 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 Finance Sub-Committee as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

5.126. Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Annex 6**.

Revenue budget implications

5.127. 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, or in other words, the amount funded from Council Tax, Business Rates and general Government grants.

Ratio of Financing Costs to Net Revenue Stream	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Financing Costs (£m)	28.4	35.0	38.8	41.9	43.2
Proportion of net revenue stream (%)	7.5%	8.7%	9.3%	9.6%	9.5%

Source: Cheshire East Finance

5.128. Further details on the revenue implications of capital expenditure are included within Section 2 of this report.

5.129. 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 Council must refine this profile of capital spending to ensure it is reduced or delayed to ease the pressure on the capital financing budget and avoid the risk of over-borrowing.

Annex C: Minimum Revenue Provision

5.130. Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Levelling Up, Housing and Communities' *Guidance on Minimum Revenue Provision* (the DLUHC Guidance) most recently issued in 2018.

5.131. The broad aim of the DLUHC Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

5.132. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year for calculating a prudent amount of MRP.

5.133. Following a Balance Sheet review undertaken by our Treasury Advisors, Arlingclose Ltd, a recommendation is being made to Council that the accounting policy for the calculation of MRP is updated with effect from 1st April 2024 to bring the Council more in line with current CIPFA guidance and to better recognise the actual cost of borrowing over the useful life of an asset (see **Annex 5**, 3. Financial Controls)

5.134. The following statement incorporates the changes to the accounting policy.

- For capital expenditure incurred before 31st March 2024, MRP will be charged at the PWLB annuity rate at 1st April 2024 on the remaining CFR outstanding over the remaining useful life of the asset.
- For supported capital expenditure incurred before 31st March 2008, MRP will be charged at the PWLB annuity rate at 1st April 2024 for the remaining CFR outstanding over the remainder of the original 50-year period.
- For capital expenditure incurred after 1 April 2024 MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, as the principal repayment on an annuity rate equivalent to the opening PWLB annuity rate for the year expenditure incurred, and charged after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

5.135. Capital expenditure incurred during 2025/26 will not be subject to an MRP charge until 2026/27.

Annex D: Flexible Capital Receipts Strategy

5.136. The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

5.137. The Spending Review in 2015 included a relaxation to the capital regulations by allowing councils to use their capital receipts (income from the sale of assets) for a limited period initially from 2016/17 to 2018/19 to fund revenue expenditure that is designed to transform service delivery and reduce revenue costs. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations apply have now been extended to the financial year 2030.

5.138. The guidance states that qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and / or transform service delivery to reduce costs and / or transform service delivery in a way that reduces costs or demand for services in future years for any of the public.

5.139. Local authorities cannot borrow to finance the revenue costs of the service reforms.

5.140. The type of expenditure that will be allowed under the flexibility are the up-front set up and implementation costs that will generate the future ongoing revenue savings and / or service transformation to reduce revenue costs and improve service delivery.

5.141. In allowing the Council to use this flexibility, the Council must have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of practice.

5.142. There are a wide range of projects that could generate qualifying expenditure, and the list below is not prescriptive. Examples of projects include:

- Sharing back-office and administrative services with one or more other council or public sector bodies.
- Investment in service reform feasibility work, e.g. setting up pilot schemes.
- Collaboration between local authorities and central government departments to free up land for economic use.
- Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation.
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations.
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training.
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others), and
- Integrating public facing services across two or more public sector bodies (for example children’s social care or trading standards) to generate savings or to transform service delivery.

5.143. The Council has a number of projects that have been identified in 2025/26 that fit the criteria prescribed in the current guidance for transforming and or improving service delivery that will reduce revenue costs by producing efficiency savings for the Council. The table below details the lists of projects and the value of capital receipt to be utilised.

Table 1: List of projects funded by flexible capital receipts

Project Name	Project Description	Expenditure Prior Years £000s	Expenditure 2025/26 £000s
ICT Hybrid Model	This project is to update the delivery of the ICT Shared Service Model which should make efficiency savings and improve service delivery for both Councils.	802	440
Cheshire East Service Transformation Programme	This programme is a group of projects across the Council's four Directorates to deliver improved service delivery through efficiency and revenue savings.	716	560
Total		**1,518**	**1,000**

5.144. As it is the Council's policy not to rely on capital receipts until they are realised, these capital receipts have not been factored into the Councils Capital Financing Requirement (CFR) by way of reducing debt or financing capital expenditure. Consequently, the use of the receipts under this flexibility will have no effect on the Council's Prudential Indicators.

Annex 6 – Investment Strategy

1. Purpose

6.1. The purpose of the Investment Strategy is to:

- set out the Council's approach to managing investments,
- establish financial limits for various classifications of investment,
- recognise the role and responsibilities of the Finance Sub-Committee and its position as the main conduit through which investment opportunities should be considered.

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

6.3. The Authority invests its money for three broad purposes, and these are reflected in the revised Prudential Code:

1. 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**),
2. to support local public services by lending to or buying shares in other organisations (**service investments**), and
3. to earn investment income (known as **commercial investments** where this is the main purpose).

6.4. Often there may be a crossover of purposes for investments within the Authority. Whilst a return may be a by-product of an investment this is rarely the overriding reason for making or retaining an investment. It will normally be linked to other long term strategic or regeneration factors.

6.5. The Council has a Capital Strategy (prepared in line with the requirements of the Prudential Code); and a Treasury Management Strategy (prepared in line with the requirements of the Treasury Management Code) – relevant disclosures are made within each document.

6.6. Consequently, this Investment Strategy is part of a suite of related documents and focuses predominantly on matters not covered by the Capital Strategy and Treasury Management Strategy.

2. Investment Indicators

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

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

Table 1 Total investment exposure	31/03/24 Actual	31/03/25 Forecast	31/03/26 Forecast
Treasury management investments	41,940	40,000	40,000
Service investments: Loans	26,722	26,637	26,567
Service investments: Shares	3,270	3,270	3,270
Commercial investments: Property	22,295	21,815	21,815
Commercial Investments: Loans	3,491	3,147	3,106
TOTAL INVESTMENTS	**97,718**	**94,869**	**94,758**
Commitments to lend	6,013	6,013	6,013
TOTAL EXPOSURE	**103,731**	**100,882**	**100,771**

6.9. The Council has total investments exposure estimated at £101m by March 2025 (£61m excluding treasury management), of which £22m relates to property investment backed by physical assets with an income stream and alternative use. Other investments are loans for economic development purposes; and due to their nature, they are not a material element of our budgeting for interest income within the MTFS.

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

Table 2 Investments funded by borrowing	31/03/24 Actual	31/03/25 Forecast	31/03/26 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	20,089	19,353	18,602
Commercial Investments: Loans	3,491	3,147	3,106
TOTAL FUNDED BY BORROWING	**23,580**	**22,500**	**21,708**

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

Table 3 Investments net rate of return	2023/24 Actual	2024/25 Forecast	2025/26 Forecast
Treasury management investments	5.21%	5.00%	4.30%
Service investments: Loans	-2.40%	0.05%	0.00%
Service investments: Shares	NIL	NIL	NIL
Commercial investments: Property	3.20%	3.30%	3.50%
Commercial Investments: Loans	3.13%	3.13%	3.13%

6.12. The return for Service Investments: Loans is not a true return but is instead based largely on the % fluctuation in the underlying value of the new assets within the Life Science Fund. As such they do not reflect actual cashflows. In addition there are a number of non-interest bearing loans.

6.13. Typically, a return on a share would be based upon the dividend yield and there have been no dividends paid. Therefore, this has been shown as Nil. There has been a downward revaluation of property assets at Alderley Park which has impacted the underlying asset value that we show in Table 5 below. We will continue to monitor for signs of recovery, but the underlying asset value remains more than the Authority paid for the shares.

6.14. The major assets included within Commercial Investments: Properties, representing over 90% of the value in that classification, are two commercial retail properties. 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 or is subject to a (lower) rent review.

6.15. From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both tenants have thus far weathered the local economic effects of recent years though we have experienced further reductions in asset value in the last financial year. As the lease term reduces this may continue until the leases are renewed.

6.16. Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. Overall returns are affected by the need to offset prudential borrowing costs against the income. However, as this is the major income bearing category of investment more attention needs to be diverted to ensure that occupancy and income are maximised and secured for the long term.

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

3. Treasury Management Investments

6.18. The Authority typically receives its income, such as taxes and grants, before it pays for expenditure such as through payroll and invoices. It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, can lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

6.19. The Constitution of the Authority delegates the power to manage and make Treasury Management Investments to the Section 151 Officer via the Treasury Management Strategy.

6.20. **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

6.21. **Further details:** Full details of the Authority's policies and plans for 2025/26 for treasury management investments are covered in the separate Treasury Management Strategy (**Annex 7**).

4. Service Investments: Loans

6.22. **Contribution:** The Council lends money to other organisations to support local public services and stimulate economic growth. These are shown below in Table 4. No new loans were issued in the year though there were movements on existing loans and write offs of historic balances.

6.23. The Council has participated in a European Regional Development Fund project and has received £20m in grant funding which has been provided to Cheshire and Warrington Development Partnership in the form of a loan to allow development lending across the sub region. This is led by ECW and is non-interest bearing for the Council.

6.24. Interest bearing loans have been provided to Everybody Health & Leisure Trust (Everybody) for the purpose of investing in new equipment, with the aim of increasing the usage of leisure facilities and improving the health of residents. These are included within the Local Charities category. These are accrued at a rate of Bank of England base rate plus 4%.

6.25. The Council has invested in Alderley Park Holdings Ltd by way of equity investment and interest free loan. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment (Section 5).

6.26. In addition, the Council has invested £5m 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 (now ECW) and Alderley Park Holdings Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire & Warrington areas, which includes Alderley Park where the Fund is based.

6.27. The loan does not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. The GM Life Science Fund is "revalued" on an annual basis based upon the net asset valuation of the Fund and this can lead to short term fluctuations in the notional returns of this loan category. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallise when funds are extracted.

6.28. The Council may consider making further Service Investment Loans in 2025/26, subject to business cases and where the balance of security, liquidity and yield have been considered as part of robust risk assessment. None are currently envisaged.

6.29. **Security**: The main risk when making service loans is that the borrower will be unable to repay the principal lent and / or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as per Table 4.

Table 4 Loans for service purposes Category of borrower	31/03/24 Actual £000	31/03/25 Forecast £000	31/03/25 Forecast £000	31/03/25 Forecast £000	2025/26 £000
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	23	0	0	0	500
Local businesses	26,470	26,531	61	26,470	30,000
Local charities	158	106	11	95	2,500
TOTAL	**26,651**	**26,637**	**72**	**26,565**	**35,000**

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

6.31. **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans. Each application for a loan requires completion of a business case. This is followed by a process of due diligence taking into account creditworthiness and financial standing and the Council's corporate objectives. External advisors are used where appropriate, dependent on materiality and scope of the loan arrangement. Each application is considered on a case-by-case basis.

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

5. Service Investments: Shares

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

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

6.35. This should be seen as a long-term strategic investment. There have been no dividend returns and any changes in % returns have been based upon the change in value of our share of the underlying assets which will fluctuate as the site continues its transition from a single user to a multi-user campus. There is a lag between the forecasts used for the Investment Strategy and finalisation of the Council's accounts. Consequently, the value fell from a forecast of £4,460K to an actual of £3,270K, a fall in value of £1,190K, or 26%.This fall, followed a rise which was predated by several years of falls. This highlights the fluctuating nature of this valuation and suggests the longer term trend since Covid-19 is downward. However, there is a significant plan in place for investment in the site that should improve the valuation though this will be monitored.

6.36. Thus, the valuation (see Table 5) remains greater than the purchase price and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place. We expect valuations to improve in the future.

6.37. The movement in value largely arises from accounting transactions / re-valuations. A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake. As it is a long-term strategic asset there is ample time for the sector to grow.

6.38. The Council also has shares in its subsidiary, wholly owned companies. However, they are of nominal value, and the share values are not considered material in the context of this Investment Strategy.

6.39. As reflected in this strategy a key objective of future investments will be to generate a return to benefit the Council's Revenue Account. However, the Council may consider acquiring shares in companies if there is a compelling business case demonstrating strong potential for growth in capital value.

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

Table 5 Shares held for service purposes Category of company	31/03/24 actual £000	31/03/25 actual £000	31/03/25 forecast £000	31/03/25 forecast £000	2025/26 £000
	Value in accounts	Amounts invested	Total Gains/ (Losses)	Value in accounts	Approved Limit (at cost)
Local businesses	3,270	1,070	2,200	3,270	10,000
TOTAL	**3,270**	**1,070**	**2,200**	**3,270**	**10,000**

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

6.42. **Liquidity:** With regard to the existing equity stake in Alderley Park, it was deemed to be a long-term investment, supporting a long term business and site development plan. As described above, regular monitoring and receipt of updated business plans will help to inform considerations with regards to the selling of shares; and it is important to note, as a minority shareholder in Alderley Park, that shares must first be offered to other shareholders in those private enterprises (and consequently the prospects for disposing of shares should be seen as good, as evidenced by the sale of shares in Manchester Science Partnerships in 2019).

6.43. In the event of considering whether to make further service investments via shares, the Council will consider maximum investment periods on a case-by-case basis, taking into consideration the prospects for funds being accessible when required (e.g. to repay borrowing; or for other capital financing purposes) by making an assessment of liquidity, given the nature of the proposed investment (e.g. the type of organisation and / or the market in which it operates).

6.44. **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

6. Commercial Investments: Property

6.45. For the purpose of this Strategy, it should be noted that property is defined as an investment if it is held primarily <u>or partially</u> to generate a profit. To comply with accounting classifications, the Authority includes several assets in Table 6 that might otherwise be excluded as they are not being held to primarily generate a yield or return.

6.46. Central government continues to express concern over the level of commercial investments held by local authorities and the risk that this presents if an authority becomes over exposed. Real world examples are now emerging where this eventuality has come to pass. Changes to the Prudential Code have reinforced opposition to investment in commercial property.

6.47. The government has effectively regulated against the purchase of commercial assets primarily for generating yield. Consequently, there have been no new commercial properties acquired in the year and any future investments will be aligned to normal Council service provision. Whilst this limits the Authority's ability to invest in commercial property for investment purposes, it is recognised that regeneration is a necessary factor which could result in legitimate purchases of such property. Careful attention will need to ensure that yield is an incidental factor in any future decision to invest in a commercial property investment.

6.48. **Contribution:** The Council invests in local commercial property and land, for a number of reasons. The intention of making a profit that will be spent on local public services is largely a by-product and is not the primary reason.

6.49. We have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple calculation of yield.

6.50. The value of properties is updated annually. The most recent valuation is from March 2024 and saw continuing falls to commercial property valuations. The most significant correction came with retail property, and this category is now valued at less than purchase cost. The main driver for the fall in is the reduced number of years remaining on an existing lease. This increases the risk of non-renewal thereby lowering the valuation. The downward trend is expected to continue in 2025 until a new tenancy agreement is agreed. No revised valuation for 2025 is currently available. The figures will be updated in future reports. There has also been a disposal of office property in the year.

Table 6 Property held for investment purposes Property	Actual Purchase cost	31/03/24 actual Gains or (losses) in-year	31/03/24 actual Value in accounts (includes gains/ (losses) to date	31/03/25 expected Gains or (losses)	31/03/25 expected Value in accounts
Industrial Units	1,492	122	1,740	-	1,740
Enterprise Centres	245	20	345	-	345
Retail	23,300	(2,358)	19,730	-	19,730
Office	240	(26)	480	(480)	-
Total	**25,277**	**(2,242)**	**22,295**	**(480)**	**21,815**

6.51. **Security:** In accordance with Government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. At the present time one class of property is valued at less than the historic cost.

6.52. **Where value in accounts is at or above purchase cost:** The ideal scenario is that a fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying asset values provide security for capital investment. This has not yet happened for the 2024/25 year and so the figures above have been based upon the 2024 figures with no gains or losses reflected.

6.53. **Where value in accounts is below purchase cost:** The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and mitigating actions are required to protect the capital invested. These actions include annually reviewing the Commercial Properties portfolio; and where the fair value is below the original purchase price alternative actions are considered (e.g., changing the use of the asset to earn additional investment income; refurbishing the asset to make it more attractive to the market; or re-purposing the asset for use by the Council as an operational property where services to the public will be provided from). If no alternative service uses are considered viable it will be classed as surplus to requirements and steps will be taken to market the asset for sale to realise a capital receipt. However, it should be noted that these are not liquid assets. It would take time to process a disposal. It is the Authority's view that the asset that has seen a significant reduction in value remains a strong, core asset in a prime location with scope to recover. The rental income received continues to fund borrowing costs and MRP provisions but further mitigations are required to arrest the fall in value. This will be reviewed again once the 2024/25 valuation has been undertaken.

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

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

6.55. Future investments would be considered in the first instance by the Section 151 Officer supported by other officers. Any final decision would be made by Council under the advice of the Finance Sub-Committee. Should any investments be identified then the Section 151 Officer can initiate steps to move funds into the main Capital Programme.

6.56. This Investment Strategy acknowledges that with the introduction of the committee system the Finance Sub-Committee is the body that has the role to consider future investments and make recommendations to Council for ultimate approval of individual investments.

6.57. No new investments are currently anticipated. However, given that significant commercial retail property has been purchased more emphasis will need to be given towards the category of any future investment to ensure that the portfolio is diversified and not overly reliant upon a single sector.

6.58. **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority constantly monitors the use of all assets and where there is a market for a particular asset or asset type will look into realising the capital receipt on those assets if it outweighs the long-term benefits of holding the asset for a potential rental stream.

7. Commercial Investments: Loans

6.59. **Contribution:** The Authority has worked alongside Cheshire West and Chester Council and Warrington Borough Council to each provide Enterprise Cheshire & Warrington Ltd with a £10m loan facility to be used to invest in economic development schemes across the Enterprise Zones in the sub-region.

6.60. There is currently one loan in place and has been used to fund development of Alderley Park. The purpose is to stimulate economic development, and payback of the loans will be achieved from Business Rates retained by the LEP under Enterprise Zone regulations. Whilst the balance of the facility is still available there are no imminent plans to draw down further amounts.

Table 7 Loans for commercial purposes Category of borrower	31/03/24 Actual	As at 31/03/25 Forecast Balance owing	As at 31/03/25 Forecast Loss allowance	As at 31/03/25 Forecast Net figure in accounts	2025/26 Approved Limit
Partner Organisations	3,351	3,147	145	3,002	10,000
TOTAL	**3,351**	**3,147**	**145**	**3,002**	**10,000**

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

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

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

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

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

8. Loan Commitments and Financial Guarantees

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

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

9. Proportionality

6.67. A major concern for external governing bodies is the extent to which Authorities are dependent upon investment income to fund services. Proportionality forms a key component of the Prudential Code.

6.68. Historically, the Authority has not been materially dependent on return-generating investment activity to achieve a balanced revenue budget. However, in the context of the current financial situation faced by the Authority and the sector, those returns will become an important factor in the ability to set a balanced budget. Whilst the proportion of the net revenue budget was consistently low and deemed immaterial this could change and should it fail to achieve the expected net return, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control could become more difficult to achieve. Therefore, more emphasis needs to be placed on managing the portfolio and securing an income stream or reviewing exit strategies.

10. Borrowing in Advance of Need

6.69. Government guidance is that local authorities must not borrow more than, or in advance of their needs purely to profit from the investment of the extra sums borrowed. The Authority follows this guidance. Investments are made to meet the strategic needs of the Authority, its residents and local businesses.

11. Capacity, Skills and Culture

6.70. **Elected Members and Statutory Officers:** Adequate steps are taken to ensure that those elected Members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to consider individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

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

6.72. The Authority continues to identify best practice from across the sector and will incorporate this into the evolving Investment Strategy.

6.73. It is recognised that in order to support decision making there will be a need to engage external advisors from time to time. The Authority has appointed Arlingclose Ltd as treasury management advisors and receives specific advice on investment, debt and capital finance issues. Other consultants, such as property consultants, are engaged as required.

6.74. **Commercial deals:** Steps have been taken to ensure that those negotiating and reporting commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. A team of officers from Place, Finance, Legal, and Procurement are responsible for ensuring that the framework is followed. Where appropriate staff are provided with additional training and up to date skills via CIPFA and other providers.

6.75. **Corporate governance:** Corporate governance arrangements have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values and Constitution.

6.76. The MHCLG requirement to produce an Investment Strategy, approved annually by Full Council is a key component of the corporate governance framework.

12. Glossary of Terms

Investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments,* which are subject to separate regulatory regimes and therefore are not covered by this guidance.
A **credit rating agency** is one of the following three companies: Standard and Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd.
A **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.
Specified Investments An investment is a specified investment if all of the following apply: • The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling. • The investment is not a long-term investment (the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option). • The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended].* • The investment is made with a body or in an investment scheme described as high quality; or with one of the following bodies: i. The United Kingdom Government; ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or

iii. A parish council or community council. • Should define high credit quality (definition incorporates ratings provided by credit rating agencies).
The **Treasury Management Code** means the statutory code of practice issued by CIPFA: *“Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition”.*
The **Prudential Code** means the statutory code of practice, issued by CIPFA: *“The Prudential Code for Capital Finance in Local Authorities, 2021 Edition”.*
The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.

Annex 7 – Treasury Management Strategy

1. Background

7.1. 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.

7.2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

7.3. In preparing this strategy the Council has had regard to the advice received from its appointed Treasury Management advisors, Arlingclose Ltd who have helped shape the content of this strategy. The current contract for advice is for four years expiring on 31 December 2025.

7.4. Investments held for service purposes or for commercial profit are considered in the Investment Strategy (see **Annex 6**).

2. External Context

7.5. **Economic background:** The impact on the UK from the government's Autumn Budget, slower interest rate cuts, modestly weaker economic growth over the medium term, together with the impact from President Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.

7.6. The Bank of England's (BoE) Monetary Policy Committee (MPC) reduced Bank Rate to 4.75% at its meeting in November 2024, having previously cut by 25bp from the 5.25% peak at the August MPC meeting.

7.7. The November quarterly Monetary Policy Report (MPR) is forecasting Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be 0.5% between April and June 2024, a downward revision from the 0.6% rate previously reported by the Office for National Statistics (ONS)

7.8. Office for National Statistics (ONS) figures reported the annual Consumer Price Index (CPI) inflation rate at 1.7% in September 2024, down from 2.2% in the previous month and lower than the 1.9% expected. Core CPI also declined further than expected to 3.2% against a forecast of 3.4% and the previous month's 3.6%. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

7.9. The labour market appears to be easing slowly. However, the data still requires treating with some caution. The latest figures reported that unemployment increased slightly to 4.3% in the three months to September 2024. Pay growth for the same period was reported at 4.8% for regular earnings (excluding bonuses) and 4.3% for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

7.10. The US Federal Reserve has also been cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its November 2024 monetary policy meeting to a range of 4.5%-4.75%. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump’s policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an annual rate of 2.8% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

7.11. Eurozone inflation fell below the European Central Bank (ECB) 2% target in September 2024, the first time in over three years. This allowed the ECB to continue its rate cutting cycle and reduce its three key policy rates by 0.25% in October. Inflation is expected to rise again in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

7.12. **Credit outlook:** Credit default swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.

7.13. Higher interest rates can lead to a deterioration in banks’ asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.

7.14. Overall, the institutions on our adviser Arlingclose’s counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

7.15. **Interest rate forecast:** The Authority’s treasury management adviser Arlingclose forecasts that The Bank of England’s Monetary Policy Committee will continue reducing rates during 2024 and through 2025, taking Bank Rate to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

7.16. Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

7.17. A more detailed economic and interest rate forecast provided by Arlingclose Ltd is attached at **Annex A** to this strategy.

7.18. For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 4.30%, which takes into account strategic fund investments, and that new borrowing in the form of short-term loans will be borrowed at an average of 4.10%.

3. Local Context

7.19. As at 30 November 2024 the Authority has borrowings of £370m and treasury investments of £50m. 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**.

Table 1: Balance Sheet Summary and Forecast	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m	31/03/28 Estimate £m	31/03/29 Estimate £m
General Fund CFR	518	585	613	627	614
Less: Other long-term liabilities *	(17)	(17)	(15)	(14)	(14)
Loans CFR	**501**	**568**	**598**	**613**	**600**
Less: External borrowing **	(303)	(128)	(123)	(119)	(111)
Internal (over) borrowing	**198**	**440**	**475**	**494**	**489**
Less: Usable reserves	(122)	(113)	(103)	(103)	(114)
Less: Working capital	(47)	(50)	(50)	(51)	(52)
(Treasury Investments) or New borrowing	**29**	**277**	**322**	**340**	**323**

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

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

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

7.21. The Authority has an increasing CFR due to the capital programme and EFS and will therefore be required to borrow up to an additional £99m over the forecast period.

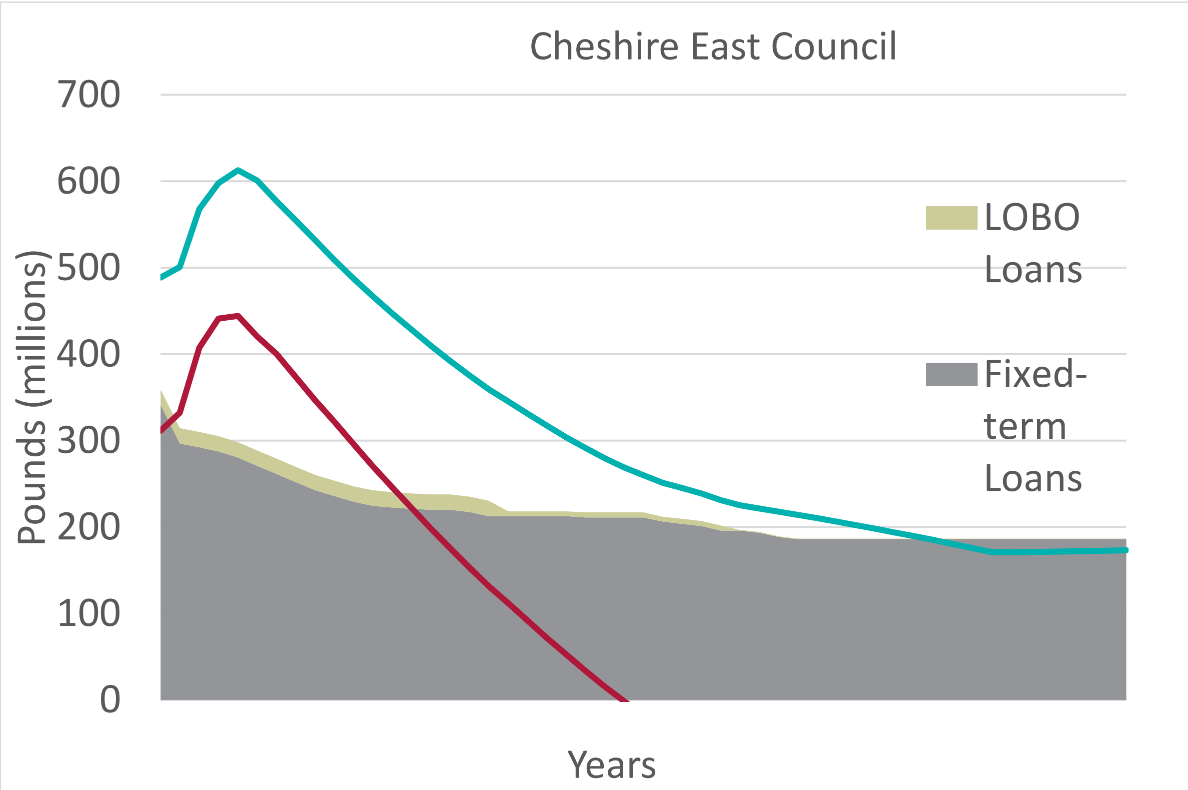
7.22. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority expects to comply with this recommendation during 2025/26.

7.23. **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	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m	31/03/28 Estimate £m	31/03/29 Estimate £m
Loans CFR	500	568	598	613	601
Less: Usable reserves	(123)	(114)	(102)	(103)	(114)
Less: Working capital	(47)	(50)	(50)	(51)	(52)
Plus: Minimum investments	20	20	20	20	20
Liability Benchmark	**351**	**424**	**466**	**479**	**455**

7.24. 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

7.25. The Authority currently holds loans of £370m. Cash flow shortfalls arising from past debt repayments and capital spending are currently being funded through short-term borrowing. The Authority may also borrow additional sums to pre-fund future years' requirements providing this does not exceed the authorised limit for borrowing although at the present time we are not expecting to do this.

7.26. The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

7.27. Given the significant shortfalls in Local Government funding compared to the cost of service provision, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past, but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach are chiefly around liquidity so a blend of short-term and medium-term borrowing is likely to be adopted to create a balance between interest rate and liquidity risks.

7.28. By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates could rise modestly. Our treasury advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

7.29. The Authority will consider sources other than PWLB when raising long-term loans including banks, pension funds and local authorities and will investigate the possibility of issuing bonds and similar instruments in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

7.30. Alternatively, the Authority may arrange forward starting loans during 2025/26, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

7.31. In addition, the Authority may borrow further short-term loans to cover unexpected or planned temporary cash flow shortages.

7.32. The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB Lending facility (formerly the Public Works Loan Board).
- National Wealth Fund (formerly UK Infrastructure Bank).
- Any UK public sector body.
- Any institution approved for investments (see below).
- Any other bank or building society authorised to operate in the UK.
- UK public and private sector pension funds (except Cheshire Pension Fund).
- Capital market bond investors.

- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.
- Salix Finance Ltd energy efficiency loans.

7.33. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset based finance

7.34. **Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

7.35. **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 LOBO's have options during 2025/26, and with interest rates having risen recently, there is now a reasonable chance that the lender will exercise their option. If they do, the Authority will take the option to repay the LOBO loans to reduce refinancing risk in future years.

7.36. **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

7.37. **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or reduction in risk.

5. Treasury Investment Strategy

7.38. The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £24m and £108m with peaks in cash associated with receipts of grants in advance of expenditure and earlier borrowing decisions based on anticipated levels of expenditure which did not materialise. Levels of around £40m are expected to be maintained in the forthcoming year.

7.39. The CIPFA Code requires the Authority to invest its treasury 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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

7.40. As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will, therefore, be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of £20m strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

7.41. The CIPFA code does not permit local authorities to both borrow and invest long-term for cash flow management. However, the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

7.42. **ESG Policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and, therefore, the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

7.43. **Business Models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

7.44. The Authority may invest its surplus funds with any of the counterparties in **Table 3** below, subject to the cash limits (per counterparty) and time limits shown.

Table 3: Treasury Investment Counterparties and Limits Sector	Time Limit	Counterparty Limit	Sector Limit
UK Government	3 years	Unlimited	n/a
Local Authorities and other Government Entities	3 years	£12m	Unlimited
Secured Investments*	3 years	£12m	Unlimited
Banks (unsecured)*	13 months	£6m	Unlimited
Building Societies (unsecured)*	13 months	£6m	£12m
Registered Providers (unsecured)*	3 years	£6m	£25m
Money Market Funds*	n/a	£12m	Unlimited
Strategic Pooled Funds	n/a	£12m	£50m
Real Estate Investment Trusts	n/a	£12m	£25m
Other investments*	3 years	£6m	£12m

This table must be read in conjunction with the notes below.

7.45. ***Minimum Credit Rating:** Treasury Investments in sectors marked with an Asterix will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

7.46. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts.

7.47. **Local Authorities and Other Government Entities:** Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

7.48. **Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

7.49. **Banks and Building Societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

7.50. **Registered Providers (unsecured):** Loans to, and bonds issued or guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving Government support if needed.

7.51. **Money Market Funds:** Pooled funds that offer same day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risk, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

7.52. **Strategic Pooled Funds:** Bond, equity and property funds, including exchange traded funds, that offer enhanced returns over the longer term but are more volatile in the short-term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

7.53. **Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

7.54. **Other Investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

7.55. **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to the lowest practical levels per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

7.56. **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

7.57. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

7.58. **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential Government support, reports in the quality financial press and analysis and advice from the Authority's treasury management advisor. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

7.59. **Reputational Aspects:** The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

7.60. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This may cause investment returns to fall but will protect the principal sum invested.

7.61. **Investment Limits:** The Authority's revenue reserves available to cover investment losses are forecast to be £123m on 31 March 2025. In order that no more than 5% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £6m. Secured investments will have a higher limit of £12m per organisation. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional Investment Limits Type of Counterparty	Cash Limit
Any group of pooled funds under the same management	£25m per manager
Investments held in a broker's nominee account	£25m per broker
Foreign countries	£12m per country

7.62. **Liquidity management:** The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

6. Treasury Management Indicators

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

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

Table 5 Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% **rise** in interest rates	£2,786,000
Upper limit on one-year revenue impact of a 1% **fall** in interest rates	£0

7.65. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates. The Council is expected to remain a net borrower in 2025/26 so a fall in rates would lead to savings rather than incurring additional cost.

7.66. **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 6 Refinancing rate risk indicator	Upper	Lower
Under 12 months	75%	0%
12 months and within 24 months	75%	0%

Table 6 Refinancing rate risk indicator	Upper	Lower
24 months and within 5 years	75%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

7.67. 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 the shorter periods is relatively high as there is no shortage of liquidity in the market and short-term funding remains cheaper than alternatives. This will enable the Council to finance temporary cashflow shortfalls at year-end more economically. This will be kept under review as it does increase the risk of higher financing costs in the future.

7.68. **Long-Term Treasury Management Investments:** 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 prudential limits on the long-term treasury management investments will be:

Table 7 Price Risk Indicator	2025/26	2026/27	2027/28	No Fixed Date
Limit on principal invested beyond year-end	£25m	£15m	£10m	£30m

7.69. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

7. Other Items

7.70. The CIPFA code requires the Authority to include the following in its treasury management strategy.

7.71. **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (for example, interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (such as LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (meaning those that are not embedded into a loan or investment).

7.72. The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.73. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

7.74. In line with the CIPFA code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

7.75. **External Funds:** The Authority acts as the accountable body for Enterprise Cheshire & Warrington (ECW) and for the Cheshire & Warrington Development Ltd Partnership (Evergreen Fund). The Council holds significant cash balances on their behalf prior to expenditure which is either invested short-term or has reduced the need for external borrowing. For ECW, the Authority shares the interest benefit based on an agreed method for each fund which is either the average rate achieved on the Council's in-house (non-strategic) investments or an agreed market indicator rate. Surplus Evergreen Fund balances are required to be invested by the fund so the Council acts as a borrower with an agreed variable interest rate based on the average rate achieved on the Council's in-house (non-strategic) investments.

7.76. **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services including advisers, banks, brokers and fund managers, allowing it to access a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, this seems to be the most appropriate status.

Annex A: Economic and Interest Rate Forecast

Underlying assumptions:

- As expected, the Bank of England Monetary Policy Committee (MPC) cut Bank Rate to 4.75% in November in an 8-1 vote. However, the outlook for monetary policy has changed following the new government's fiscal plans, as delivered in the recent Budget.
- The Budget contained measures that will boost demand, in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects of the Budget require a change to our Interest Rate Forecast.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth appears relatively subdued. However, the Budget will significantly boost government spending over the short-term, with few offsetting measures to subdue household demand, so GDP growth is likely to rise relatively steeply.
- Private sector wage growth has eased to 4.8% yet remains high, while services inflation continues to hold above pre-pandemic levels. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation was below the 2% target in September but will rise a little by year-end as energy price declines from the previous year fall out of the annual comparison. The Bank of England (BoE) estimates the Budget impact will see the CPI rate at 2.7% by year end 2025 and remain over target in 2026, as opposed to the prior projection of inflation easing back to and then below target by this point.
- The MPC re-emphasised the gradual move to easing monetary policy, and we now believe the Budget measures have both reduced the pace of Bank Rate cuts and increased the low for this loosening cycle (although downside risks remain in the medium term).
- The increase in borrowing, rise in inflation and shallower path for Bank Rate projected by the Office for Budget Responsibility (OBR) raised gilt yields. The material change in rate expectations means that yields will be generally higher in the post-Budget world.
- US government yields have risen following Donald Trump's and Republican victories in the US elections. Trump has run on a platform of policies that appear inflationary, calling into question the extent of policy loosening required from the Federal Reserve (which was already uncertain given continued solid US growth data). Higher US yields could also support higher UK yields.

Forecast:

- In line with the Arlingclose forecast, Bank Rate was cut to 4.75% in November 2024.
- The MPC will continue to lower Bank Rate to reduce the restrictiveness of monetary policy, but more slowly and to a higher level. We see another rate cut in February 2025, followed by one cut per quarter, in line with Monetary Policy Report publication, to a low of 3.75%.

- Long-term gilt yields have to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility is likely to remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may lead to Arlingclose making more frequent changes to their forecast than has been the case in the past.
- Upside risks to inflation over the next 12 months could limit the extent of monetary easing, but we see the risks as broadly balanced over the medium term.

Treasury Advisor, Arlingclose Ltd, 3 Year Interest Rate Forecast

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.95	4.80	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.30	4.20	4.10	4.05	3.95	3.90	3.90	3.90	3.95	4.00	4.05	4.05	4.05
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.41	4.40	4.35	4.35	4.35	4.30	4.30	4.30	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.84	4.80	4.75	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.35	4.50	4.45	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65

PWLB certainty rate = relevant gilt yield + 0.80%

Annex B: Existing Investment and Debt Portfolio Position

	30/11/2024 Actual Portfolio £m	30/11/2024 Average Rate
External Borrowing:		
Local Authorities	174	5.38%
PWLB - Fixed Rate	157	4.79%
LOBO Loans	17	4.63%
Other	4	4.92%
Total External Borrowing	**352**	**5.03%**
Other Long-Term Liabilities:		
PFI	18	-
Total Gross External Debt	**370**	**-**
Treasury Investments:		
Managed in-house		
Short-term investments		
Instant Access	10	4.78%
Fixed Term Deposits	20	4.95%
Managed externally		
Property Fund	8	5.06%
Multi Asset Fund	5	5.82%
Equity Fund	2	6.80%
Global Income Fund	4	5.95%
Corporate Bond Fund	1	4.11%
Total Investments	**50**	**5.17%**
Net Debt	**320**	**-**

Annex 8 – Reserves Strategy

1. Introduction

Types of Reserves

8.1. When reviewing medium-term financial plans and preparing annual budgets the Council considers the management of reserves. Three types of Reserves will be held:

General Reserves

8.2. This represents the non-ring-fenced balance of funds. There are two main purposes of General Reserves: to operate as a working balance to manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and to provide a contingency against emerging events or emergencies.

8.3. Increasing General Reserves

- Planned repayment as set out in the Medium-Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an operating surplus at the close of the financial year, or movement from Earmarked Reserves based on priorities.

8.4. Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.
- Allocation of an operating deficit at the close of the financial year, or movement to Earmarked Reserves based on priorities.

Earmarked Reserves

8.5. These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves and this Strategy sets out the Council’s approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes

Unusable Reserves

8.6. These arise out of a requirement under legislation and proper accounting practice either to accumulate revaluation gains, or as adjustment accounts to comply with statutory accounting requirements. These reserves are not backed by resources and therefore cannot be used for any other purpose. Hence, these reserves are not available to fund expenditure. These will generally be excluded from any discussion where the Council talks about its level of reserves.

Assessing the Adequacy of Reserves

8.7. To assess the adequacy of General Reserves, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council therefore adopts formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks are assessed against the Authority's overall approach to risk management.

8.8. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.

8.9. Setting the level of General Reserves is just one of several related decisions in the formulation of the Medium-Term Financial Strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.

8.10. **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.

8.11. These factors can only be assessed properly at a local level. A considerable degree of professional judgement is required. The Section 151 Officer can express advice on the level of balances in cash and / or as a percentage of budget, so long as that advice is tailored to the circumstances of the Authority for that particular year. A general assumption for many local authorities over the years has been to allow for 5% of Net Revenue Expenditure.

8.12. Advice will be set in the context of the Authority's process to manage medium-term financial stability and not focus on short-term considerations, although balancing the annual budget by drawing on General Reserves may be a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure, this should be made explicit and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium-Term Financial Strategy.

8.13. The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves is undertaken as part of annual budget preparation.

Table 1: **Holding adequate reserves will depend on key Budget Assumptions**
• The treatment of inflation and interest rates • Estimates of the level and timing of capital receipts • The treatment of demand led pressures • The treatment of planned efficiency savings / productivity gains • The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments • The availability of other funds to deal with major contingencies and the adequacy of provisions

Financial Standing and management
• The overall financial standing of the Authority (including: level of borrowing, debt outstanding and Council Tax collection rates) • The Authority's track record in budget and financial management including the robustness of the medium-term plans • The Authority's capacity to manage in-year budget pressures • The strength of the financial information and reporting arrangements • The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level • The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

2. General Fund Reserves (Revenue)

Purposes

8.14. The purpose of General Reserves is to manage the possible financial impacts to the Authority from:

- Emergencies.
- In-year emerging financial issues.
- Reacting to investment opportunities.

8.15. The Finance Procedure Rules set the parameters for the use of General Reserves.

8.16. The in-year use of General Reserves requires approval in accordance with the Constitution parameters set by Council. Any use of General Reserves must consider the medium-term impact of the decision and how this will align to the robustness of the MTFS, and to the Reserves Strategy.

8.17. In all cases the use of reserves should be approved by the Section 151 Officer.

8.18. During 2019 CIPFA published a financial management code designed to support the Local Government sector as it faces continued financial challenge, the Code recognises 'that using the financial reserves to finance a deficit or to avoid difficult decisions around spending cuts provides temporary relief, but is not sustainable in the long-term.'

8.19. This guidance from CIPFA follows the National Audit Office (NAO) report on financial sustainability in local authorities. This indicated that there is a heightened risk of more Council's over the coming years falling into special measures as a result of not reconciling the pressure on budgets.

Opening Balances

8.20. The Council held General Reserves as at 1 April 2024 of £5.6m.

Estimated Movement in Reserves

8.21. When the 2024/25 budget was set, in February 2024, it was balanced by the use of £11.6m of General Reserves. This usage is not sustainable in the medium term. Net spending therefore needed to be contained within the estimates of expenditure that form the budget.

8.22. The in-year forecast overspend for 2024/25 is £18.3m (as at Third Financial Review), which cannot be drawn down from General Reserves and will be funded by the use of £17.6m of conditional Exceptional Financial Support.

8.23. At 1 April 2025, it is anticipated that the Council will hold a General Reserves balance of £3.7m, as shown below.

8.24. It was also agreed as part of the previous MTFS to transfer all earmarked reserves which have not been identified for use in 2024/25 into the General Fund Reserve. The value of un-ringfenced reserves to be transferred in 2024/25 totals £3.1m.

Table 2 General Fund Reserve	£000
General Fund Reserve Opening Balance at 1 April 2024	**5,580**
<u>2024/25 In-year Movements</u>	
Transfers from un-ringfenced Earmarked Reserves - MTFS 24-28	**10,603**
To support 2024/25 projected budget deficit - MTFS 24-28	**(11,654)**
2024/25 Transformation Costs	**(4,066)**
Top-up General Fund Reserve	**100**
Transfers from un-ringfenced Earmarked Reserves Feb 2025	**3,133**
General Fund Reserve Closing Balance at 31 March 2025	**3,696**
<u>2025/26 In-year Movements</u>	
Top-up General Fund Reserve	**1,304**
General Fund Reserve Closing Balance at 31 March 2026	**5,000**

8.25. There is currently an insufficient balance available in the General Fund Reserve to adequately protect the Council against current and future risks.

8.26. The current balance in the General Fund Reserve does not align to the Cheshire East Plan target of £20m by 2025. For this reason, the Council now plans to increase the General

Fund reserve by £5m per annum over the medium term, plus any beneficial financial performance or additional income to reserves in the first instance over the medium-term as an approach to complying with the Plan.

8.27. The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate including very high inflation and interest rate levels, emerging and delayed Government policies (particularly in relation to Business Rates and fair funding), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

8.28. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year, thereby smoothing the impact on residents.

8.29. As referred to in the MTFS Section 1. The Council has set out some key principles that it needs to continue to follow in the short and medium term to manage the financial uncertainty that it faces.

8.30. **Principle 7 – to create and maintain a central contingency and risk of undelivered savings budgets.** This recognises the aspiration of the Finance Sub Committee as reported in June 2024, to set aside a central contingency fund and risk against undeliverable savings budget to protect against the risk of underachievement of planned transformation savings and / or unforeseen growth in service budgets.

8.31. **Contingency Budget** - The aim is to maintain this annual contingency budget over the medium term at 1.5% of the net revenue budget plus other known risks, for example, around National Living Wage on care costs.

8.32. **Risk Budget** - The risk of underachievement of savings targets grows as more and more challenging savings are included in the budget setting. Setting aside a risk budget based on a percentage of the savings identified in any given year is prudent (currently 10%). A Risk Budget of £3.8m has been introduced from 2026/27 to align with the increased impact of the full year Transformation Savings reflected through the MTFS. Whilst acknowledging that there are also £47.1m of savings reflected through 2025/26 budget, due to the forecast overall affordability of the 2025/26 budget any risks arising from the 2025/26 in year position will need to be mitigated where possible or considered against the Contingency budget and/or General Fund Reserves.

8.33. Any proposed use of these two Strategic Budgets in-year will require the approval from both the Chief Executive and Section 151 Officer and will be determined against the criteria when creating the budgets as set out above.

8.34. Any unapplied funds in any given financial year from either budget is to be transferred into General Fund Reserves or other agreed Specific Strategic Reserves (see below) at outturn to help bolster the financial resilience of the Council.

8.35. In addition, the following Strategic Earmarked Reserves are proposed to be protected and, in some cases, replenished over the 4-year MTFS as part of the Council's approach to improving the robustness of the MTFS and adequacy of Reserves:

- PFI Equalisation Reserve - Extra Care Housing – to meet future payments on the existing PFI contract.
- Public Health unallocated ring-fenced grant – to be invested in areas to improve performance against key targets (subject to annual assurance sign off).
- Insurance Reserve – To settle insurance claims and manage excess costs.
- Transformation Reserve – To fund the Council's transformation programme costs.

- Collection Fund Reserve - To manage cash flow implications as part of the Business Rates Retention Scheme.
- Elections Reserve – To provide funds for Election costs every 4 years.
- Flood Risk and Adverse Weather Events Reserve - To help the service manage risks such as the impact of adverse weather, specifically flooding or extensive periods where winter maintenance is required.

8.36. Risks are considered and managed using the following basic principles:

- The risk may impact within the medium-term.
- Risks are potential one-off events.
- The risk will have genuine financial consequences.
- Mitigating actions will be in place to minimise the potential requirement for financial support.
- If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate revenue budget estimates – as reflected in the MTFS with the creation of a specific Contingency and Risk budget (as per para 8.31-8.32 above).
- Emerging risks will be addressed from in-year surplus or virement before any request to allocate from the Risk Budget or General Reserves.

8.37. As covered earlier in the Reserves Strategy, financial risks are managed, for example, through estimating variations, demand led budgets, provisions in the Capital Strategy, limits within the Treasury Management Strategy. In terms of Financial Reporting and Management, financial and budgetary matters are reported regularly to the Corporate Policy Committee, with the Audit and Governance Committee providing strategic oversight.

8.38. Through a combination of a target General Fund Reserve balance over the medium term of £20m, together with identified specific Contingency and Risk Budgets, plus the protection and replenishment of other Strategic Earmarked Reserves, it should be noted that these are proposed to reflect the net effect of issues relating to sustainable performance against the 2025/26 revenue budget and MTFS 2025/26 – 2028/29 which are:

- The capacity of the organisation to deliver proposed Transformation proposals plus other growth or achieve the proposed level of savings entirely.
- Potential underachievement of cost reduction targets following approval and any necessary consultation processes.
- Demand for services a risk rising above estimated trends.
- Inflation staying at current levels or increasing further.
- Changes to Government settlements.

Adequacy of General Reserves

8.39. The Local Government Finance Act 1988 and 1992 and the Local Government Act 2003 emphasise the importance of sound and effective financial management in England and Wales by the statutory duty of the Section 151 Officer to report to the Authority, at the time the budget is considered and the Council Tax set, on the robustness of the budget estimates and the adequacy of financial reserves.

8.40. CIPFA and the Local Authority Accounting Panel consider that local authorities should establish reserves including the level of those reserves based on the advice of their Section

151 Officer. There is no statutory or recommended minimum level of reserves as they are established by the Section 151 Officer making judgements on such matters taking into account all the relevant known and expected local circumstances. Imposing a statutory minimum would therefore be against the promotion of local autonomy and would conflict with the financial freedoms offered to local authorities.

8.41. The Secretary of State in England has reserve powers to specify in regulations a statutory minimum level of reserves that will be used if authorities fail to remedy deficiencies or run down reserves against the advice of the Section 151 Officer. The Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently and disregards the advice of its Section 151 Officer.

3. Earmarked Reserves (Revenue)

Purpose

8.42. The purpose of an earmarked reserve is:

- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- To set aside amounts for projects which extend beyond one year.

8.43. Once earmarked reserves have been established by Cheshire East Council, it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.

8.44. **Table 2** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

8.45. For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

- the purpose of the reserve,
- how and when the reserve can be used,
- procedures for the reserve's management and control,
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
- clear indication of payback periods and approach (if applicable).

Table 3 Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA – LAAP Bulletin 55, 2

8.46. When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.

8.47. The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

8.48. Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Section 151 Officer,
- Supported by a business case,
- Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
- Be reviewed at least annually.

8.49. Services may also carry forward balances in accordance with Financial Procedure Rules.

8.50. Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget setting process, to ensure that they are still appropriate, relevant and adequate for the intended purpose.

8.51. As part of the previous budget setting in February 2024, £10.6m of earmarked reserves that had not been identified for use in 2024/25 have been drawdown to the General Fund Reserve to balance the budget.

8.52. Net movements of earmarked reserves totaling £7.0m has been drawdown to support service expenditure in 2024/25, as shown in Section 4.

8.53. It was also agreed as part of the previous MTFS to transfer all earmarked reserves which have not been identified for use in 2024/25 into the General Fund Reserve. The value of un-ringfenced reserves to be transferred in 2024/25 totals £3.1m as noted in Section 2.

8.54. Other service proposals within this MTFS will utilise earmarked reserves where necessary and will be noted accordingly (see Section 1 of the MTFS report).

8.55. At 1 April 2025, it is anticipated that the remaining balances on Earmarked Reserves will be £11,5m, of which, £2.4m is ring-fenced for specific use.

8.56. By 1 April 2026, the balance on Earmarked Reserves is anticipated to reduce further to £9.4m, of which, £1.4m is ring-fenced for specific use.

4. Earmarked Reserve Balances at 31 March 2026

Table 4 Adults and Health Committee Reserve Account	Opening Balance 01 April 2024	Transfers to General Fund - MTFS Feb 2024	24/25 Net Movement on Reserve	Transfers to General Fund Feb 2025	Closing Balance Forecast 31 March 2025	25/26 Net Movement on Reserve	Closing Balance Forecast 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
PFI Equalisation - Extra Care Housing	**2,857**	(2,795)	0	(62)	**0**	46	**46**
Public Health Reserve	**2,369**	0	9	0	**2,378**	(1,025)	**1,353**
Adults and Health Reserves Total	**5,226**	**(2,795)**	**9**	**(62)**	**2,378**	**(979)**	**1,399**

Table 5 Children and Families Committee Reserve Account	Opening Balance 01 April 2024	Transfers to General Fund - MTFS Feb 2024	24/25 Net Movement on Reserve	Transfers to General Fund Feb 2025	Closing Balance Forecast 31 March 2025	25/26 Net Movement on Reserve	Closing Balance Forecast 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
Domestic Abuse Partnership	**131**	0	(131)	0	**0**	0	**0**
Troubled Families Initiative	**1,593**	0	(1,593)	0	**0**	0	**0**
Children and Families Reserves Total	**1,724**	**0**	**(1,724)**	**0**	**0**	**0**	**0**

Table 6 Corporate Policy Committee and Central Reserves Reserve Account	Opening Balance 01 April 2024	Transfers to General Fund - MTFS Feb 2024	24/25 Net Movement on Reserve	Transfers to General Fund Feb 2025	Closing Balance Forecast 31 March 2025	25/26 Net Movement on Reserve	Closing Balance Forecast 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
Corporate Directorate Reserve	**1,164**	(935)	0	(229)	**0**	0	**0**
Collection Fund Management	**8,154**	(1,235)	(2,933)	0	**3,986**	3,469	**7,455**
Capital Financing Reserve	**4,530**	0	(4,530)	0	**0**	0	**0**
MTFS Reserve	**2,914**	(741)	255	(2,428)	**0**	0	**0**
2025/26 Transformation	**0**	0	3,500	0	**3,500**	(3,500)	**0**
Brighter Futures Transformation Programme	**490**	(470)	(20)	0	**0**	0	**0**
Section 31 Revenue Grants	**14**	0	0	(14)	**0**	0	**0**
Insurance Reserve	**3,098**	(3,098)	0	0	**0**	0	**0**
Elections General	**132**	0	0	0	**132**	0	**132**
Brexit Funding	**13**	(13)	0	0	**0**	0	**0**
HR	**59**	(59)	0	0	**0**	0	**0**
Pay Structure	**54**	0	0	(54)	**0**	0	**0**
Digital Solutions Architect	**150**	0	(150)	0	**0**	0	**0**
Corporate Policy and Central Reserves Total	**20,772**	**(6,551)**	**(3,878)**	**(2,725)**	**7,618**	**(31)**	**7,587**

Table 7 Economy and Growth Committee Reserve Account	Opening Balance 01 April 2024	Transfers to General Fund - MTFS Feb 2024	24/25 Net Movement on Reserve	Transfers to General Fund Feb 2025	Closing Balance Forecast 31 March 2025	25/26 Net Movement on Reserve	Closing Balance Forecast 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
Place Directorate Reserve	**1,164**	0	(612)	(306)	**246**	(246)	**0**
Investment (Sustainability)	**610**	0	(21)	(40)	**549**	(549)	**0**
Legal Proceedings	**212**	0	(104)	0	**108**	(108)	**0**
Investment Portfolio	**534**	(534)	0	0	**0**	0	**0**
Homelessness & Housing Options - Revenue Grants	**129**	0	(129)	0	**0**	0	**0**
Tatton Park Trading Reserve	**128**	(128)	0	0	**0**	0	**0**
Economy and Growth Reserves Total	**2,777**	**(662)**	**(866)**	**(346)**	**903**	**(903)**	**0**

Table 8 Environment and Communities Committee Reserve Account	Opening Balance 01 April 2024	Transfers to General Fund - MTFS Feb 2024	24/25 Net Movement on Reserve	Transfers to General Fund Feb 2025	Closing Balance Forecast 31 March 2025	25/26 Net Movement on Reserve	Closing Balance Forecast 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
Strategic Planning	**568**	(281)	(287)	0	**0**	0	**0**
Trees / Structures Risk Management	**139**	(55)	(30)	0	**54**	(54)	**0**
Air Quality	**36**	0	(5)	0	**31**	(31)	**0**
Licensing Enforcement	**8**	0	0	0	**8**	(8)	**0**
Flood Water Management (Emergency Planning)	**2**	0	(2)	0	**0**	0	**0**
Neighbourhood Planning	**82**	(41)	0	0	**41**	(41)	**0**
Spatial Planning - revenue grant	**13**	(13)	0	0	**0**	0	**0**
Street Cleansing	**22**	0	(4)	0	**18**	(18)	**0**
Environment and Communities Reserve Total	**870**	**(390)**	**(328)**	**(0)**	**152**	**(152)**	**0**

Table 9 Highways and Transport Committee Reserve Account	Opening Balance 01 April 2024	Transfers to General Fund - MTFS Feb 2024	24/25 Net Movement on Reserve	Transfers to General Fund Feb 2025	Closing Balance Forecast 31 March 2025	25/26 Net Movement on Reserve	Closing Balance Forecast 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
Rail and Transport Integration	**385**	(185)	(200)	0	**0**	0	**0**
Flood Risk and Adverse Weather Events	**400**	0	0	0	**400**	0	**400**
Highways Procurement Project	**104**	(20)	(15)	0	**69**	(69)	**0**
LEP-Local Transport Body	**19**	0	0	0	**19**	(19)	**0**
Highways and Transport Reserve Total	**908**	**(205)**	**(215)**	**0**	**488**	**(88)**	**400**

5. Capital Reserves

8.57. Capital receipts received in-year are ordinarily applied to finance the capital programme. As set in **Section 2** – *Balancing the Budget*, based on the latest disposal forecast for future years as part of the strategic approach to balancing the 2025/26 budget and MTFS for 2025/26-2028/29, as supported by the Capitalisation Direction, consideration will be given to the available capital receipts and their utilisation to support funding Exceptional Financial Support borrowing costs and transformation spend, subject to Recommendations as set out in the covering report. Any excess small amount of capital receipts are otherwise held in reserve to cover future commitments where receipts are to be used flexibly to fund transformational projects.

8.58. Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

8.59. As per the Capital Strategy (**Annex 5,** Section 3 Financial Controls), if the Capital Financing Budget (CFB) varies from the strategy, the Section 151 Officer will consider options to top-up or draw down from a Financing Earmarked Reserve (if available) and will report this approach to Members. Underspends on the CFB due to programme slippage will automatically be transferred to the Financing Reserve.

6. Reserves Strategy Conclusion

8.60. Overall, by the close of 2025/26, Cheshire East Council will not have an adequate level of reserves to protect the Council from future overspending or potential financial risks.

8.61. The full report setting out the work being undertaken to address the reserve levels and future financial security of the authority is set out in the Section 25 statement in Section 2, of the MTFS.

Background Papers

CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).

CIPFA Financial Management Code 2019.

Cheshire East Draft Statement of Accounts 2023/24.

Annex 9 – Financial Authorisation Limits

9.1. Financial control is achieved through the mechanism of the Financial Procedures Rules (Chapter 3, Part 3 and Part 4 of the Constitution) and the Financial Schemes of Delegation.

9.2. This Annex provides details of the financial authorisation limits for the year 2025/26 to be approved at Budget Council. The financial limits ensure decisions are made at the right level, are formally delegated and involve appropriate consultations with Senior Management, Statutory Officers and Members.

9.3. It is appropriate to review these limits on an annual basis to reflect the most up to date financial framework, following a review this Annex confirms the current levels are appropriate for 2025/26.

9.4. These limits are in line with the approved Constitution and for 2025/26 apply for the net revenue budget of £402.4m and the capital budget of £180.4m.

1. Scheme of Virement

9.5. Approval limits for virements are as follows:

Virements between budget heads

(Excluding Reserves / Contingencies)

Virement Amount	Approval Level
Up to and including £100,000	Relevant Heads of Service
In excess of £100,000 up to and including £500,000	Chief Finance Office in consultation with the Relevant Member(s) of CLT
In excess of £500,000 up to and Including: • £1,000,000 revenue; or • £5,000,000 capital	Relevant Member(s) of CLT and Chief Finance Officer in consultation with Chair of the relevant Committee and the Chair of Finance Sub-Committee
Over • £1,000,000 revenue; or • £5,000,000 capital (where virement is within budget and policy framework)	Finance Sub-Committee

Virements from Reserves or Contingencies

Virement Amount	Approval Level
Up to and including £250,000	Chief Finance Officer
In excess of £250,000 up to and including £500,000	Chief Finance Officer in consultation with the Relevant Member of CLT
In excess of £500,000 up to and including £1,000,000	Finance Sub-Committee
Over £1,000,000	Council with recommendation from Finance Sub-Committee

9.6. Council may approve that specific earmarked reserves for contingencies are allocated within the Budget Control Total of a committee. The committee may vire such funds only in consultation with the Chief Finance Officer.

2. Supplementary Estimates

9.7. Approval limits for fully funded revenue and capital supplementary estimates are as follows:

Supplementary Estimate Amount	Approval Level
Up to and including £250,000	Relevant Member of CLT
In excess of £250,000 up to and including £500,000	Relevant Member of CLT in consultation with the Chair of the relevant committee, Chair of Finance Sub-Committee and Chief Finance Officer
In excess of £500,000 up to and including £1,000,000	Committee
Over £1,000,000	Council

3. Asset Disposal / Write-off

9.8. The Chief Finance Officer may authorise the write-off of losses up to £25,000, or disposals, of obsolete or surplus equipment, materials, vehicles or stores up to a disposal value of £25,000. Where the value exceeds £25,000, but is less than or equal to £100,000 this should be done in consultation with the Finance Sub-Committee Chair. Write-offs over £100,000 will be the responsibility of the Finance Sub-Committee or Corporate Policy Committee.

9.9. Any write-off which arises as a result of theft or fraud must be notified to the Head of Audit and Risk immediately.

4. Early Retirement / Severance

9.10. The Chief Executive or Executive Director (Corporate Services) in consultation with the Chair of the Corporate Policy Committee must approve all requests up to £95,000 (excluding pay in lieu of notice and accrued holiday pay). All such requests in excess of £95,000 must be approved by the Corporate Policy Committee or a waiver sought from full Council and Central Government.

5. Grants and Donations

9.11. Grants, donations and contributions will be paid by the Council in accordance with the policies determined under paragraph 6.26 of the Financial Procedure Rules, subject to there being adequate provision in service budgets and the appropriate approvals being sought.

Approval level	Amount
Officers	Up to and including £50,000 (where grant is within approved grant policy and fully funded)
Relevant Corporate Leadership Team member in consultation with the Chair of the relevant committee and Chair of Finance Sub-Committee	Between £50,000 and £100,000 (where grant is within approved grant policy and fully funded)
Committee	All Grants of £100,000 or more. All grants which do not fall within existing approved grant policy require Corporate Policy Committee approval

6. Bad Debts

9.12. Bad Debts may be written off as follows:

Approval level	Amount
Chief Finance Officer	Up to and including £5,000
Chief Finance Officer in consultation with the Monitoring Officer	Over £5,000

9.13. The Corporate Leadership Team is responsible for ensuring that an adequate provision for bad debt is made in the Council's accounts at year-end and that contributions to this provision are included in budgetary projections and outturn.

9.14. A record must be maintained for all debts written off. The appropriate accounting adjustments must be made following approval to write-off a debt. The Chief Finance Officer may provide written delegation to other officers to approve the write-off of debt up to and including £5,000.

Annex 10 – Whole Budget Equality Impact Assessment

Cumulative Equalities Impact Assessment

Purpose of assessment

10.1. This cumulative equality impact assessment of the proposals set out in the Council's Budget for 2025/26 and Medium-Term Financial Strategy 2025-29, provides an assessment of the potential impacts upon residents, stakeholders and employees; who share one or more protected characteristics, as defined by the Equality Act 2010.

Our commitment to fairness and equality

10.2. The current Cheshire East Council vision is to create a Borough that is Open, Fair and Green. The Council provides many essential services to its residents and stakeholders, such as Social Care, Education, Highways, Economic Development and Waste. Council services are funded mostly from Council Tax, with additional contributions from Business Rates and government grants and managing these resources appropriately will enable our plans to be sustainable over the medium term.

10.3. The vision can be achieved by being a transparent organisation, that cares for the people who need our support, as we develop a locally sustainable place. The Cheshire East Plan 2024/25, that articulates the vision and how we will make it a local reality, was developed through consultation and evidences our strategic direction until 2025. A new plan for 2025-29 aligned to the MTFS reflects a commitment to being an effective and enabling Council.

10.4. Equality Impact Assessments (or EIA) are an important part of ensuring our services are responsive to the needs of our diverse communities and help tackle inequalities, creating a fairer borough for all.

10.5. Each of the proposals set out in the budget will be considered through an equalities lens and, where there is a potential or perceived negative impact, a full Equalities Impact Assessment will be undertaken, prior to implementation, and actions will be identified to mitigate any impacts.

10.6. These individual assessments will be undertaken to establish the impact of our budget savings proposals on residents, stakeholders and employees who share one or more protected characteristic.

Our principles

10.7. The principles that the Council is using to shape its budget and financial strategy are:

- Resizing and reshaping the budget to protect services and support for Cheshire East residents who are most in need.
- Investing in children's service.

- Investing in adult social care to ensure our budgets reflect the anticipated growth in demand and increasing complexity of need for those who require the most help.
- Delivering transformation projects.
- Addressing new external costs, such as the increase in National Living Wage which can mean that the services the Council commissions from external providers, including many adult social care services, cost more.
- Looking for other ways to change services to reduce costs, avoid costs, or increase income.

<u>Our legal duties</u>

10.8. Under Section 149 of the Equalities Act, the Council has a legal duty to have “due regard” to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity and
- foster good relations between different groups.

10.9. We are required to demonstrate fulfilment of our duty to pay ‘due regard’ in the decision-making process and, as such, we need to understand the effect our policies and practices have on equality. Although the Council is not legally obligated to reject savings or growth proposals that could have negative impacts on any particular groups, it must carefully and with rigour consider the impact of its proposals on the PSED, take a reasonable and proportionate view about the overall impact on particular groups, and seek to mitigate negative impacts where possible.

<u>Our diverse population</u>

10.10. Our borough is home to almost 400,000 (406,500) residents and 190,000 households. It contains the major towns of Crewe, Macclesfield, Congleton and Wilmslow (with populations above 20,000). There are also a number of other significant centres of population (over 10,000) in Sandbach, Poynton, Nantwich, Middlewich, Knutsford and Alsager.

10.11. Whilst the population is predominantly White British (94.5%), Cheshire East is becoming an increasingly diverse borough due to its proximity and continually improving transport links to Manchester, Birmingham and London. It is also the home of choice for many migrant communities from across the world:

10.12. **Population**: The total population of Cheshire East is 406,500. Residents aged under 25 represent 25% of this total population, which is significantly lower than figures for both the North West (29%) and England (28%). There are more residents over the age of 65 in Cheshire East (23%) compared to both the North West (19%) and England (18%). There is little difference in gender between the age groups shown, with the exception of residents aged over 65 where the female population (54%) is notably higher than the male population (46%) partly reflecting differences in life expectancy between females and males.

10.13. **Race**: The proportion of the population in Cheshire East that were born outside the UK is 8.3%, significantly lower than the figure for both the North West (11.7%) and

England overall (17.4%). The highest proportion of residents born outside the UK was in the Crewe Central South (34.7%) followed by Crewe Central (30.9%).

10.14. **Ethnicity**: The most reliable source for data on ethnicity remains the 2021 Census. This is an 18 category self-report measure with an 'any other' write in option. Cheshire East has a high proportion of 'White' residents at 98% of the population, higher than the national (87%) and regional average (89%). The figure for 'White: other' population is included above as this represents the largest minority group population in Cheshire East (3.9%) but is hidden due to the way 'White' is considered a single homogenous group when reported.

10.15. **Disability**: The term 'disability' is used to refer to a limiting long term illness, health problem or disability (LLTI) which limits a person's day-to-day activities. This is usually captured using the decennial Census. In Cheshire East, in 2021, a smaller proportion but larger number of people were disabled (17.0%, 67,819), compared with 2011 (17.5%, 64,831). A further 7.8% of usual residents (31,165) had a long term physical or mental health condition but day-to-day activities were not limited by it. The five LSOA's with the highest disability rate (more than 25% of all usuals residents) were: Crewe (E01018476), Nantwich (E01018451), Alsager (E01018388), and Macclesfield (E01018645 and E01018620).

10.16. **Religion**: The religion question in the 2021 Census is voluntary; 94.5% (376,955) of usual residents answered the question in 2021, in line with the national average of 94.0% and an increase from 93.3% (345,486) in 2011. Just over half of the population in Cheshire East described themselves as "Christian" at 54.3% of usual residents (216,629), however this has fallen 14.6% from the figure in 2011 in which 68.9% (254,940) of usual residents described themselves as "Christian." While the proportion of residents describing themselves as "Christian" in Cheshire East is higher than the national average (46.2%) the decrease between census years was larger than the national decline (13.1%). "No religion" was the second most common response, increasing by 15.0% percentage points to 37.7% (150,257) from 22.7% (83,973) in 2011. There were small increases (0.1%) in the proportion of usual residents in Cheshire East responding as "Buddhist" (0.3%, 1314), "Hindu" (0.5%, 2046) and "Muslim" (1.0%, 4140).

10.17. **Sexual Orientation**: Sexual orientation is an umbrella concept, which includes sexual identity, behaviour and attraction. The 2021 Census question on sexual orientation was a voluntary question asked of those aged 16 years and over. In total, 309,493 (93.9% of the population aged 16 years and over) answered the question. Around 301,391 (91.5%) identified as straight or heterosexual. Around 8102 (2.5%) identified with an LGB+ orientation ("Gay or Lesbian", "Bisexual" or "Other sexual orientation"). The remaining 19,981 (6.1%) did not answer the question.

10.18. **Pregnancy and maternity**: In 2021 there were 4,798 conceptions to women in Cheshire East. This equates to conception rate of 71.9 per 1,000.

10.19. **Marriage and Civil Partnership**: At the time of the 2011 Census, 49.5% of adult residents were married and a further 0.2% were registered in a civil partnership.

10.20. **Gender Reassignment**: The Census 2021 question on gender identity was a voluntary question asked of those aged 16 years and over. The question asked "Is the gender you identify with the same as your sex registered at birth?". Overall, 329,474 (95.0% of the population aged 16 years and over) answered the question.

In total, 312,882 (95.0%) answered "Yes" and 1,387 (0.4%) answered "No". The remaining 15,205 (4.6%) did not answer the question.

The scale of the challenge

10.21. The Council is dealing with an increasing demand for services, at a time of ongoing uncertainty around the future of Local Government funding from Central Government beyond the 2025/26 financial year. We have therefore updated the Medium-Term Financial Strategy to focus on locally predictable resources funding locally provided services that are sustainable.

10.22. This year, as in previous years, we have made every endeavour to protect those in greatest need and at most risk. Where possible, savings focus on optimising efficiencies in service delivery. However, some reductions in services have been unavoidable. Where this is the case, we will assess the potential impact on groups with protected characteristics.

10.23. Consultation on the overall budget proposals is not a substitute for consultation or undertaking an EIA before implementing individual elements of the proposed budget. Having set the budget, this will not preclude making changes following detailed consultation as long as changes are in accordance with the Council's Constitution and Financial Regulations.

10.24. Inevitably the budget is a plan and there will be variations arising during the year. These variations are reported through the in-year budget monitoring.

10.25. Budget planning for the medium term continues being set against the most uncertain economic and fiscal context. Our services continue to be impacted by rising inflation and the need to address the deficit between spending to support children with Special Educational Needs and Disabilities (SEND) and the funding available within the High Needs Block of the Dedicated Schools Grant (DSG). This uncertainty affects both spending plans and income sources.

10.26. Feedback received during consultation and during implementation will continue to inform our medium-term planning. Working with residents and our partners, we will explore and monitor the cumulative impacts that emerge as our proposals are implemented. This information will be used to help us develop and shape mitigation initiatives and to inform future decisions going forward.

Equalities Impacts: overall cumulative impact

10.27. Given the significant financial challenges the Council faces it is likely the budget will have some proposals which will have a high or medium negative impact on some protected groups – at this stage it is too early to say who will be impacted and what the impact might be, however, the principles used in setting the budget are intended to protect services and support for Cheshire East residents who are most in need.

10.28. The proposals will also include some transformation savings. These are where we aim to provide services in a different and improved way at less overall cost to the Council. It is possible that some of these will have a positive impact on service users although it's far too early to provide any detail.

Impacts on all residents

10.29. There are likely to be a small number of changes to universal services and charges, and these have the potential to affect all residents.

10.30. Residents can expect to see an increase in their Council Tax and some may also be impacted by increases in other charges made by the Council. However, the most vulnerable residents will continue to be protected where possible. The Council provides a Council Tax Support Scheme, which can provide a reduction on Council Tax bills for those on a low income.

Impacts on specific service users

10.31. Proposals which relate to changes in services, which support specific groups of residents and their families, including services for vulnerable adults, disabled people, and those with learning disabilities or mental health problems, and children and young people, are expected to be new providers where services are being recommissioned to achieve savings, or reviews of support packages to focus more upon a person's strengths, resources and ability to access help in their community (strengths-based approach), rather than automatically assigning the highest level of care, regardless of needs or abilities.

10.32. Efforts will be made to ensure that there are no negative impacts on vulnerable groups and services which support residents assessed and to receive the level of support required to meet their needs. Indeed, there may be a positive impact as people are empowered and supported to access help in their community and retain their independence for longer.

10.33. However, there is a risk that service users, families and carers could be unsettled by any change in the normal support arrangements and feel worried that the revised offer will not meet their needs. It will therefore be essential for services to ensure that service users and their families and carers are involved in any review of the support offer, and that the offer is reviewed on a regular basis to identify and respond to any change in needs and tailor the offer accordingly.

Impacts on staff

10.34. As part of the Transformation Plan, a new target operating model for the Council has been developed through engagement with staff across the Council at all levels. The principles within the operating model will be used to help inform changes to the way the Council works including the way teams and roles are organised in the future.

10.35. Some staff savings and efficiencies are likely to come from deleting / not recruiting to vacant posts, so there will be no or limited direct impact on staff or specific protected characteristics.

10.36. Any proposals relating to reconfiguring or consolidating teams or bringing common functions together to achieve staff efficiencies, will be considered and assessed using an equality impact assessment. It is not possible at this stage to assess the overall impacts on any specific protected characteristics but as numbers are low and spread across a number of services / types of roles there are unlikely to be any groups disproportionately impacted.

10.37. Any restructures will be subject to staff and staff union consultation, in accordance with the Council's reorganisation policy and procedures. Where redundancies are necessary, affected staff will be offered support and prioritised for any new jobs being advertised within the Council.

10.38. The impacts of proposals on staff with protected characteristics cannot yet be fully determined, but as numbers are expected to be low and spread across a number of services / types of roles, there are unlikely to be any protected groups disproportionately impacted. Any changes to staffing structure will require consultation with staff unions in accordance with the Council's reorganisation policy and procedures.

10.39. Our established organisational change process ensures we support all of our staff through this change. Where restructures are proposed we carry out an assessment that identifies the implications for those with protected characteristics and finds ways to mitigate accordingly.

10.40. Where a redundancy situation is possible, we will take a number of steps including:

- not filling vacancies in advance of a restructure so as many opportunities as possible are available to our existing staff
- using our redeployment process to help staff at risk find suitable alternative employment within the Council
- considering alternative options to redundancy such as early retirement, flexible working or other 'working differently' options.
- stress management support and counselling services will be offered to staff through the Employee Assistance Programme to help them cope with the additional pressures that structural change may bring.

10.41. We have an ongoing commitment to making Cheshire East Council an employer of choice and are supporting flexible working opportunities available where possible, including condensed hours, flexible start and end times and part time working.

10.42. The Council is committed to a workforce that is representative of the borough at all levels and will continue to look for new ways to improve progression routes for staff and equip them to be senior managers of the future. We will continue to promote our staff equality forums as a way of engaging with, and listening to, staff and working together to continually improve their experience of working in Cheshire East.

Human Rights

<u>Human Rights</u>

10.43. It is unlawful for the Council to act in a way that is incompatible with a European Convention right (unless the Council could not have acted differently as a result of a statutory provision).

10.44. An interference with a qualified right (e.g. the right to respect for private and family life) is not unlawful if the Council acts in accordance with the law and the interference is necessary in a democratic society.

10.45. In deciding whether the interference is necessary, the law applies a proportionality test, including whether a fair balance has been struck between the rights of the individual and the interests of the community.

Safeguarding

Implications for safeguarding in Adult Social Care

10.46. Proposals outlined in this document aim to build upon the Council's work on Making Safeguarding Personal (MSP). MSP is enshrined in the Care Act (2014) and our Local Safeguarding Adults Policies and Procedures.

10.47. MSP puts the person at risk of harm or abuse at the centre of decisions and actions about them. MSP respects that adults often bring ideas and solutions which will work best for them and the outcomes they need support in achieving.

10.48. This means that safeguarding adults continues to be integral in the work we are undertaking to really embed strengths-based practice. Ensuring vulnerable adults are safe and focusing on wellbeing is a core element of strengths-based practice and ensures there is consistency in approach whether we are working with a vulnerable person on a support plan or a safeguarding plan.

Implications for safeguarding in Children's Services

10.49. Safeguarding children is about protecting them from maltreatment, preventing their health and development being impaired, ensuring that they grow up in environments which provide safe and effective care and taking action to enable all children to have the best outcomes.

10.50. The mitigation identified for each proposal reduces very significantly the risk of poor safeguarding practice. The Council's mitigation should include not adopting any policy where safeguarding practice is adversely affected.

10.51. The proposals put forward have been tested against effective safeguarding practice. A broad range of quality assurance measures are already in place and will continue to be monitored and responded to robustly.

Monitoring

10.52. This is an overall indicative assessment and there is a need to continue to monitor this. Each individual proposal will continue to be reviewed and updated as required. Consultation will be carried out where required to seek the views of residents and service users. The lead officer for each proposal will be responsible for ensuring that equality considerations remain at the forefront of decision making as each of these proposals are progressed.

Appendix A: Public Sector Equality Duty

Section 149 of the Equality Act 2010 provides that:

(1) A public authority must, in the exercise of its functions, have due regard to the need to —

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —

(a) tackle prejudice, and

(b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7) The relevant protected characteristics are —

Age	Disability
Gender reassignment	Marriage and civil partnership
Pregnancy and maternity	Race
Religion or Belief	Sex
Sexual Orientation	

Annex 11 – Abbreviations

This Annex provides details of the abbreviations used in the Report in alphabetical order.

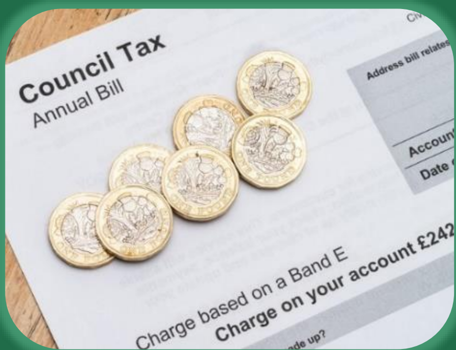
Term	Meaning
ASC	Adult Social Care
ASDV	Alternative Service Delivery Vehicles – part of the Council's commissioning approach to funding services
BCF	Better Care Fund
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1 April 2013
CAG	Corporate Assurance Group
CDRP	Crime and Disorder Reduction Partnership
CDS	Credit Default Swap
CEC	Cheshire East Council
CEFS	Cheshire East Family Support
CERF	Cheshire East Residents First
CFB	Capital Financing Budget
CFR	Capital Financing Requirement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CSC	Children's Social Care
CTS	Council Tax Support
DfE	Department for Education
DSG	Dedicated Schools Grant – grant received from Government to fund schools
EqIA	Equality Impact Assessment
EIP	Early Intervention and Prevention
ERP	Enterprise Resource Platform
ESG	Education Support Grant
FTE	Full Time Equivalent
FR	Financial Review – in-year financial monitoring report estimating the projected end of year spend
GDP	Gross Domestic Product
GP	General Practitioner
GVA	Gross Value Added
HLBC	High Level Business Case

Term	Meaning
HM	His Majesty's
HR	Human Resources – one of the Council's corporate service areas
ICT	Information and Communication Technology – the service responsible for computers, networks, software, hardware and phones
IFS	Infrastructure Funding Statement
LA	Local Authority
LED	Light Emitting Diode
LGA	Local Government Association
LOBO	Lenders Option Borrows Option
LSCB	Local Safeguarding Children's Board
LUF	Levelling Up Fund
MARS	Mutually Agreed Resignation Scheme
MHCLG	Ministry of Housing, Communities and Local Government – formerly Department for Levelling Up, Housing and Communities (DLUHC)
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
MTFS	Medium-Term Financial Strategy
NEETs	Not in Education, Employment or Training
NFF	National Funding Formula
NHB	New Homes Bonus Grant
NHS	National Health Service
NJC	National Joint Council
NNDR	National Non-Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by Central Government
PHE	Public Health England
PiP	Partners in Practice
PMI	Purchasing Managers Index
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works
RPI	Retail Price Index
RSG	Revenue Support Grant
RV	Rateable Value
S151	Section 151 (Officer)
SBRR	Small Business Rate Relief
SCIES	Safeguarding Children in Education Settings
SEN	Special Educational Needs

Term	Meaning
SEND	Special Educational Needs and Disabilities
SLA	Service Level Agreement
SLE	Separate Legal Entity – a delivery model for delivering services in a different way
SOS	Signs of Safety
SSB	Supporting Small Business
TC	Town Centre
TUPE	Transfer of Undertakings (Protection of Employment) regulations
VIC	Visitor Information Centres
VCFSE	Voluntary, Community, Faith and Social Enterprise
WOC	Wholly Owned Company

A summary of responses to Cheshire East Council's

Budget Engagement for 2025 to 2029



Contents

Introduction

Purpose of the engagement

The Budget Engagement for 2024 to 2025 was conducted between 19 December 2024 and 19 January 2025.

The engagement invited respondents to share their views on six principles that the council proposed to use to shape its budget and financial strategy for 2025 to 2029.

Promotion

The consultation was widely promoted, most notably though:

- Media releases
- Emails to key stakeholders including all local Town and Parish Councils
- Members Briefings
- Social media
- Promotion to council staff

Responses

For the Budget Engagement for 2025 to 2029 there were a total of 304 responses, including 295 online survey completions, 8 email responses and 1 budget webpage comment.

The main sections of this report contain an analysis of the survey responses received during the consultation. Feedback received via other means is summarised in the appendices.

Summary of feedback on the six principles

The six principles that the council proposed to use to shape its budget and financial strategy for 2025 to 2029 were set out in the survey, with feedback on each of the principles sought through written comment feedback.

Principle 1 feedback

Feedback for principle 1 is summarised below. (Please note – similar responses have been summarised into a single comment, or an example comment has been included, with the number of comments shown in the right-hand column).

Principle 1: Resizing and reshaping the budget to protect services and support for Cheshire East residents who are most in need.

Comments on Principle 1	No. of comments
General support. Most people would support helping those who need it most if that's in the right circumstances.	52
Throwing money at this at the expense of all other services isn't the answer. Whilst the council concentrates on helping a small minority of the population, using 85% of its income, it is rapidly approaching the point where it will have no other services left to cut. Essential services have disappeared to accommodate this including the closure of local HWRCs; not keeping the borough tidy and presentable; not clearing gullies and drains which has increased the flooding threat; not repairing the roads; reductions in leisure centres; not maintaining the status quo on bin collections; and reductions in library opening hours. You will have to make cuts to Social Services at some point, so why not start doing it now and preserve some of these much-needed services before they disappear completely. There have been huge increases in Council Tax and charges and Cheshire East has never been in such a diabolical state.	40

Comments on Principle 1	No. of comments
Reshape services to meet the needs of the many not the few. Stop positive discrimination and focus on delivering services equally to all residents – All residents should be considered equally. Protecting those most in need is always important but it must be done reasonably and proportionally, we cannot abandon the needs of the whole to concentrate all resources on a minority. We cannot do everything we would like to do. Don't lose sight of the fact that the majority of the public don't use these services most of the time but are affected by the general decline of all the other services. The budget needs to help the wider community with the average working family being helped, the cost of living for general people at the moment is excruciating. If the majority paying Council Tax see little spent on services they use, they will get annoyed. It's honourable to prioritise the most vulnerable minority, but the majority also need to see some benefit from paying their taxes too. Remove the reference to those who are most in need. Principle 1 should read "Resizing and reshaping the budget to protect services and support for Cheshire East residents"	33
Council staff salaries are too high. Too much money is spent on recruitment and on paying management that are not performing or delivering. Cut council waste, bureaucracy and excessive executive salaries.	28

<table>
<tr><th>Comments on Principle 1</th><th>No. of comments</th></tr>
<tr><td>More information needed before meaningful comments can be made. This is meaningless dribble, it’s impossible to comment in any meaningful way without more detail of how you will achieve this.

• It is not clear what money is spent on currently. Paragraph 6 of the latest Cheshire East Council (CEC) budget documents states that the council provides “in the region of 500 services a day.” For residents to provide comprehensive and informed feedback, it is essential that a detailed list of these services is made available
• "Most in need" needs to be defined clearly
• The word “resizing” often refers to an actual reduction? "Resizing and reshaping" are meaningless words without more precise definitions. What does "resizing and reshaping " the budget mean? Borrowing more? Putting up charges? Looking for savings? What exactly does this mean?
• What are the specific proposals? Which services will be protected, and which will not be?
• What figures are available to support this proposals?
• In terms of ‘support’ what does this entail, what services are provided, what is the overhead of the service provided, and how many staff are running this service?

Please write policies in plain English & to the point. Only with clear, detailed financial data can residents offer meaningful feedback on the council’s budget and services. I urge CEC to prioritise transparency and ensure that this information is shared promptly.</td><td>23</td></tr>
<tr><td>The council has wasted too much money on “vanity” projects that have not proceeded or failed e.g. the new and unused car park in Crewe; lobbying for HS2 etc. Where necessary halt existing projects if they are unlikely to provide future value for money to prevent good money being thrown after bad.</td><td>23</td></tr>
</table>

Comments on Principle 1	No. of comments
Opposed to any 9.99% increase in Council Tax. Any increase above 4.99% would be counterproductive as more people would require help to pay. A Council Tax hike of 9.99% is scandalous at this time of financial hardship for most people. A rise of 9.99%, without any referendum on the proposal, is not on, and certainly not without major reform of council spending. Cheshire East Council needs to rein in SEND and other associated welfare/childcare/social care spending before it even considers any increase in Council Tax. The peer-to-peer LGA review recommendations must be implemented. The councils record on wasting money, taking decisions in virtual secrecy and not involving residents is appalling. Resizing and restoring the budget makes sense but the increase in tax you've requested from residents is a joke! The council has bankrupt itself and will now systematically bankrupt the businesses and residents that live here.	19
How is it decided who is most in need? There needs to be a prioritised classification of 'most in need' – this all depends on whether the council can accurately identify those that are most in need. Council policies are creating more and more people who are "most in need", and this may be subjective. If there are residents who are fit and healthy but refuse to work they should not have access to support. Too many people drifting around Crewe who clearly aren't looking for work and expect those of us who are to subsidise their lifestyle choice.	14
Support for help of victims of Domestic Violence and their children. It is essential that charities such as Cheshire Without Abuse (My CWA) can continue working with and protecting survivors of domestic abuse. Keep My CWA!	13
General opposition. I can't imagine anyone agreeing with such a rise but it won't stop the increase, so what's the point in the council asking? How have we got in this position?	11
Too much money is spent on staff. I fail to see once again any reference to improvement in managing the workforce, there are no KPIs or targets for contractors or for your own staff. You need to re-shape your workforce, that will free up vital funds. Stop paying people for "long-term sickness". Stop paying people to "skive" at home. You are short of funds, you've made many cutbacks and still you are short of cash, the reason for that is your wage bill and excessive pension contributions. Have a pay freeze for all staff.	10

Comments on Principle 1	No. of comments
You ask for feedback and generally ignore it, be it good or bad, so this is an utterly pointless exercise and worthless. It's a complete waste of time filling in anything. The council takes decisions in virtual secrecy and does not involve residents. You need to listen to what the residents want, not what corporate services think they want. Why is the 9.99% Council Tax rise not mentioned in the consultation?	8
Too much money is wasted on commissioners, contractors, consultants and agency staff.	6
Major budget rethink required. How has the council got in this debt? The council is clearly not budgeting correctly or is wasting money on social care, you cannot prop up society to such a level that it leaves residents without any money themselves. A radical rethink is required and I mean radical! Reality needs to be faced. The council should get some new auditors in and spell the situation out clearly.	5
The council has no long-term strategy, you should be utilising your own management team including the executives to develop a strategy that satisfies your legal compliance. Tackle the root causes of issues where possible, don't just put a short-term sticking plaster to save money in the long run.	4
Stop raising Council Tax.	3
Those who do pay Council Tax appear to receive very little in return. Without the majority of residents paying Council Tax you would have no budget. "Residents who are most in need" are not likely to pay Council Tax – The majority are paying into a system that they no longer benefit from.	3
Social care should be funded by Central Government, not Council Taxpayers. Sue central government for the £11m spent on the lie that was HS2, or tell the public their government is spending £4bn a year funding a pointless war in Ukraine whilst Cheshire East residents suffer.	3
People need to be resilient and enabled to change their life situation to better support themselves where possible rather than relying on the council. Help those in need to help themselves / signpost to other community organisations.	2
Support for Space4Autism. Return funding for this organisation to its previous level. Space4autism only receive £19k per year from the council, which is a hugely insufficient amount when it supports over 9,000 people living in Cheshire East alone at a cost of around £600,000.	3
Vulnerable clients who are legally entitled to support should receive their entitlement in line with the law and not in line with council budgets! The law is there to protect these vulnerable people who desperately need the support.	1

Comments on Principle 1	**No. of comments**
I have confidence in this council's approach to this. Re-sizing and reshaping is necessary to redress a national issue.	1
Stop procuring in-house adult social care services as these provide costly on costs to the council when there are plenty of providers who can provide these services much more cost effectively.	1
Looking after the elderly should be a main priority. Those who have paid into the system should now be looked after in their old age.	1
Housing for the Homeless needs to be addressed.	1
The budget can't possibly be balanced with the extortionate amounts that are paid out for Adult and Childrens services.	1
CEC is being driven by finance, rather than finance being geared to supporting CEC's strategic and business plans.	1
An **independent panel** should assess and approve plans.	1
There are numerous companies and executives in Cheshire East who could assist in helping you with your development and therefore it maybe worthwhile exploring setting up a Cheshire residents development team to review how you currently operate and allow them to offer solutions.	1
The council is extremely out of touch with its constituency.	1

Principle 2 feedback

Feedback for principle 2 is summarised below. (Please note –similar responses have been summarised into a single comment, or an example comment has been included, with the number of comments shown in the right-hand column).

Principle 2: Investing in children's services – for example recruiting to additional posts to deliver the children's services improvement plan.

Comments on Principle 2	No. of comments
General support. Children's services can never be good enough until we can provide stability and permanence for children. Early intervention is vitally important to prevent further escalation. More help is needed in schools for those with special needs. Target support to children as soon as they're born and continue until 18 years old. Children's services are currently underfunded, and their needs are not being met. The societal changes we are seeing, children need to be better served. As an adoptive parent, child services need to be protected at all costs, they need to be able to have a future, free from harm and have choices in their lives.	48
Opposed to further recruitment of staff until current inefficiencies have been addressed. Do not create additional posts, there are already too many very highly paid staff, don't recruit more without first seeking internal best practice effectiveness. The council cannot afford to increase costs and must start living in the real world, in the real world where your residents exist, if you cannot afford something new then you simply cannot have it. How can you invest by putting in further debt? Try using the money to improve services rather than creating another level of management, just deliver the improvement plan. who is responsible for evaluating these roles and ensuring value for money, as it seems current oversight is severely lacking. Cancel the Working from Home policy, have no bonuses, freeze pay for all staff. Recruit people who will deliver.	33

Comments on Principle 2	No. of comments
Increase support for front line social workers that are already working for the authority, to boost morale and prevent skilled workers leaving, and to prevent high sickness due to lack of support and unreasonable caseloads. Social workers are leaving because of the stress and some of the supply social workers are unfit for the role. Staff turnover rates in children's services are astronomical – This is due to lack of staff and support in the role, and with more support the pressures may ease, therefore benefiting your staff retention. Paying your staff a wage which suits their responsibilities and stresses. The wages that support staff are paid needs to be looked at – It costs much less to offer an attractive wage and retain staff than it does to continually have recruitment happening. The question is where will you obtain these recruits from as the labour market is poor. You are not setting up any training schools or collages to entice people to work in the profession.	23
More information needed before meaningful comments can be made. What are these posts? Would these posts be commissioners? Would additional posts just be in place temporarily or as permanent roles? Will there be opportunities for CE staff to progress within children's services to these positions? It would be good to see the proposed impact of recruiting to additional posts. What services are provided for children? Which services are to be improved? Have we seen the children's service improvement plan – what does it do? What does "improvement" mean exactly? What is the assessment process to judge success? What will follow if the set goals aren't met?	19
Childrens Services has a massive budget already that needs to be kept to. How much more are you going to throw at these services? They are a money pit. These services have been ineffective for over 10 years. If it is unworkable financially to improve services, why are you even considering them at this time?	14

Comments on Principle 2	No. of comments
The whole service needs to be totally overhauled. This service needs huge reform – Children's services are in chaos, something terrible will happen if the state of the service continues to go downhill. Cheshire East already has some of the most expensive children's services in the country. Its SEND debt is bigger than its eight surrounding neighbouring authorities put together, despite the fact that those eight local authorities have ten times more children than Cheshire East. It is five times higher per head of children's population than Surrey County Council and four times higher than Kent County Council. Cheshire East also has some of the worst children's services in the country. Money is not the problem – the problem is the way in which services are delivered. You need to transform your children's services, this will cost money in the short term, but you need to get out of the terrible situation you are in and plan for long term savings from upfront investment. £12.5k per week for one child is extortionate. Too many bosses, not enough ground level staff. SEND isn't working and it should be. I live near a SEND school and can't believe the amount of taxis that are used for transporting children to school.	11
Opposed to the council spending Council Tax on these services. It's a complete waste of my money. Council Tax should be spent on everyone not just children, funds should be spread equally. We have too many children's services. Opposed to any 9.99% increase in Council Tax.	7
Stop raising Council Tax. Opposed to a 9.99% rise in Council Tax.	6
Invest in SEND services and increase SEND capacity in approximate settings for children. Increase spaces within local state schools. More should be spent on early intervention and prevention (the walk-in centre at Monks Coppenhall is good). Less should be spent on high-cost placements which often deliver poor outcomes and low quality of life for the children involved. We need to be able to house and educate the children of CE in county, not sending them out of county at huge cost.	6
Parents should be looking after their children, not Council Tax payers. Children services should be schools, parents have a responsibility to care for their children correctly. Children services should be paid for by the parents who chose to have children. The most important thing you could do for kids to help in learning how to think critically and independently.	5
Support for Space4Autism. [Repetition of comments made for principle 1].	4
Delivering children's services are a statutory responsibility of this Local Authority, and so delivering these services is not an option. If you need to improve Childrens services (and your Ofsted Report and SEN provision suggest you do), employing essential staff to do so is not an option and consultation is a moot point.	4

Comments on Principle 2	**No. of comments**
Improve performance management – Additional resources should be provided but they must be provided with clear objectives and performance must be measured against the achievement of these objectives. Supportive if this is sustainable with long term goals and not requiring external funding not available. Use technology to make processes smarter.	4
Internal recruitment is welcomed if this lowers costs overall. Recruiting is fine if this strategically sets the council up to meet its requirements, as long as costs remain affordable.	3
Support for My CWA. [Repetition of comments made for principle 1].	3
General opposition.	3
Stop wasting money.	3
Solve the underlying causes. Why is there an increase in children services when birth rates are falling? Why do so many children now require SEND support? These are basic questions that need to be asked before the trend of rising costs can be reversed. Is more support in early years and parenting required to prevent rising costs in later years? What is being done to resolve the underlying issues? Is it down to poverty and joblessness? Cheshire is a wealthy area – many accessing these services should be able to self-fund so means testing is a must.	3
Principles 1 and 2 contradict each other – If you are "resizing and reshaping" the budget, how will you be able to invest in an improved children's service?	2
Stay away from agency workers. To many posts are being covered by agency staff at a huge expense.	2
Stop cutting funding for schools, such as school meals, after school clubs, short break funding and EHIPs to parents. Who is going to keep these services afloat for the most vulnerable children and young people? If the council recruits to deliver yet again it would cost so much more, just fund the services you have already correctly, that would be a start.	2
Give the cash to an NGO to do the job	1
Listen to parents. Reduce the need for parents having to go to tribunals.	1
This should be **applied equally** across the borough.	1
The **Children's Improvement Plan** is essential.	1
The Children's Improvement Plan mirrors a similar plan that was implemented in Cheshire West and is now being unwound. How much money is going to be wasted on recruiting management to implement a plan that has already failed in Cheshire West?	1

Comments on Principle 2	**No. of comments**
This service should be funded by central government.	1
School transport should be means tested.	1
Why the resistance to proper commissioning? The Children's Commissioning Team is so small and don't have control of Children's Service budgets so you've no chance of saving money or making the right improvements without embracing modern commissioning practices.	1
Recruit those on benefits to reduce the burden of the welfare system.	1
Cheshire East needs to ensure that monies that are allocated to schools for SEND provision is spent to ensure those needs are met rather than being classed as additional funding.	1
Be open about council plans, after all this time there should be no surprises! It's poor budgeting or poor awareness.	1
Children's services received an inadequate CQC rating, not recruiting to an improvement plan is not an option if you want this to improve.	1
Undertake **competitive tendering** for external support services.	1
An **independent panel** should assess and approve plans.	1
CAMHS is vitally important but there are long waiting lists and some children are unable to access services in a timely manner.	1
The budget for SEND is hit hard by the LEA not sticking to statutory deadlines for admissions procedures causing parents to go to tribunal with the unnecessary extra costs and hardship this entails.	1
There is a need for more places in small special schools within Cheshire East for autistic pupils.	1
As long as it's remembered that children go up to the age of 18. 16 – 18 year olds tend to get forgotten about.	1
Childrens Services Improvement Plan. Right in principle if it is actually the right strategic approach otherwise it's investing in yet more chaos and poor management / services.	1
Consultation – I recommend building working groups to regularly provide feedback on your proposals.	1

Principle 3 feedback

Feedback for principle 3 is summarised below. (Please note –similar responses have been summarised into a single comment, with the of comments listed in the right-hand column).

Principle 3: Investing in adult social care to ensure our budgets reflect the anticipated growth in demand and increasing complexity of need for those who require the most help – including ensuring that growing demands and staffing costs are fully funded in the budget.

Comments on Principle 3	No. of comments
General support. This is an area of underfunding, it is essential this problem is addressed, central government have abdicated responsibility for social care services. These people have generally worked all their lives and should not be left to struggle in their old age. Why do old people suffer whilst central government squanders cash on pointless wars? More money is needed for this service, rather than putting up individual's charges, prioritise by cutting back on non-essential services.	56

Comments on Principle 3	No. of comments
Current adult social care service is not fit for purpose and is unsustainable. The demographic pressures will not change, and society will only keep aging. There is a nationwide social care crisis. The council cannot keep raising the costs indefinitely, someone in the council has to have the backbone to say we offer a, b and c and that is it. The council should try to think more transformatively about how this is delivered. You need to reevaluate how you provide social care services in the most efficient way whilst still providing high levels of care. How do you sustain this? There is literally no money there to support this, this is a money pit. How can you justify allocating additional funding without a clear understanding of the scale of the issue? This lack of data and foresight shows that you have no clear strategy or understanding of what you are doing, making it irresponsible to commit more resources without proper evidence or planning. The council will never have enough money to do this whilst the private sector continues to cash in. They can't continue to reap rewards under everyone else's pain for the next generation. Stop relying on private companies to provide care and become a care provider yourselves. The social care levy should have come into existence and this would have helped the pressures. This requires investment across a number of areas including NHS and care homes and support workers to fully implement meaningful change and cost savings.	18
General opposition. Opposed to increasing this investment. All departments need money including highways, recreation libraries, parks etc. Stop this discrimination and deliver services to all equally. Cutting basic services for the many to benefit the few is not a solution. The problem is hardworking people are penalised in the current system, they have to pay out of a potential inheritance. Hence the "investing in social care" is often at the expense of those already bearing the heaviest taxpayer cost. Cut these services to bare minimum.	17
Stop wasting money on unnecessary projects, the woke agenda, overpaid managers and absent staff. Have a pay freeze for all staff. Put money into services rather than management, have less directors and more workers.	13

Comments on Principle 3	No. of comments
More information needed before meaningful comments can be made. It’s impossible to comment on such a vague statement, in any meaningful way. What does adult social care actually involves? Where is the money going? What exactly are you accountable for that central government isn't through the NHS? How will the extra money be spent? What is the criteria for success? How do you categorise those in most need? What does "fully funded" mean? How does rising adult social care costs impact on budget setting? More transparent information should be released for constructive comments. Accurate forecasting requires the right data, & for that data to be current. Do you have it?	13
Reshape services to meet the needs of the many not the few. Concentrate on delivering core services instead. Funding this cannot mean other residents are left without adequate services. It seems as though the council has become completely focused on adult social care and SEN provision while all other services are being left to rot. People are paying more and more but are actually receiving less in terms of services. You are demonstrating that you favour inequitable policies.	10
Stop raising Council Tax. Council Tax is too high, taxpayers get nothing for it.	8
This service should be funded by central government.	7
A disproportionate amount is already spent on adult social care. Tough decisions need to be made. The system needs remodelling and Cheshire East could lead the way. Concern about the amount of money from our Council Tax that goes into Adult Social Care.	6
Is there also action being taken to reduce this growth in demand? You have to look at the underlying reasons instead of servicing the end product of said reasons. You need to look at why you expect an increased growth. Medical centres could help to reduce demand by ensuring that help is more quickly available before it becomes an emergency situation. Access to such services needs to be means tested.	6
The service is close to crisis. Adult services have been neglected for far too long. It’s pretty impossible to access this for anyone who isn’t highly complex and even then it’s a battle. This requires a whole system approach, with robust procurement of services, governance and audit. Acute services are being brought to a standstill due to bottlenecks within acute wards.	5
In-house services are far too costly and should be reduced for a cash strapped local authority. Outsourcing is the most cost efficient especially as we move towards more care at home services. Giving care providers a realistic rate is absolutely vital to ensure they can remain in business.	5

Comments on Principle 3	No. of comments
How will the council find the workforce to fulfil these services? A lot of staff do not speak the level of English required to understand the needs of these adults, policies need to be looked at to ensure language skills are up to standard.	4
Support for My CWA. [Repetition of comments made for principle 1].	4
Adults need to take accountability!! There are people in this world going through real hardship/wars. We should not have to support alcoholics nor drug users. While some can't work there are a large amount that don't want to work. The best way to support adults who are genuinely in need is by giving them the tools and education to lift themselves, not by giving them benefits so there is no incentive to lift themselves.	4
Means testing is key. Too many people hide assets to get access to funded care, especially where property is involved. Need to ensure the more affluent are not squirreling away their money to avoid paying for care when they can see poorer residents get the same level of care paid for by the council. We need to ensure our adult social care is given to those in need, not those who simply do not wish to work.	4
This principle contradicts other principles. This principle overlaps with Principle 1, and sits badly with Principle 4. How does this principle fit in with principles 2 and 3?	4
This sector is massively important and underfunded. Staffing is an issue, as it is across the sector. The salary that support staff are paid needs to be looked at – It costs much less to offer an attractive wage and retain staff than it does to continually have recruitment happening. Staff need appropriate training. Many of the bodies who provide services are at risk of failure.	3
Support for Space4Autism. [Repetition of comments made for principle 1].	2
Do not create additional posts. There are already too many very highly paid staff, improve the efficiency of those already employed. When a company cannot afford more staff it does not hire them.	2
National government increases in the minimum wage for carers and the new NIC charges have exacerbated the financial situation enormously. Providers need significant increases to cope with additional employment costs and rising costs of care.	2
There needs to be a focus on preventing and delaying age-related loss of independence. Research suggests that around 30,000 older people across Cheshire East want to downsize but cannot do so, largely because of the lack of suitable properties in their neighbourhood. An older people's housing strategy, with clear links to the Local Plan, is desperately needed. Use technology to smarten processes & keep older people in their own homes for longer.	2

Comments on Principle 3	**No. of comments**
Central Government should fund this. The council should be leading a campaign to get this looked at centrally from government, just expecting a tax increase locally is not the answer. Get together with all the other councils.	1
Use less agency workers and employ more permanent staff.	1
Invest in adult care but not by putting it on the service user. Asking them to contribute over £100 a week means Cheshire East is failing as people cannot afford this.	1
Work with the 3rd sector / charity sector to deliver these services.	1
Delivering Services to meet rising demand and complexity of need is again a statutory responsibility of the LA. Why are you asking this in a public consultation? This is not an option in which the public have a voice.	1
Adult social care is a massive area and perhaps should be broken down into component parts so that funding can be more specifically directed.	1
An **independent panel** should assess and approve plans.	1
Senior managers need to properly set and manage the budget. Just because the service is statutory doesn't mean it should be spent without consideration of the impact.	1
Current residents with SEND in Children's Services will over the next 10 years move into adults services. SEND and Adult Services need joining up, and improvements at children's services levels are needed which result in reducing the impact and costs when some enter adults services.	1
Ensure more value for money from contractors.	1
The way society is going with IT and no human face to face interaction will create more mental health issues in future.	1

Principle 4 feedback

Feedback for principle 4 is summarised below. (Please note – similar responses have been summarised into a single comment, or an example comment has been included, with the number of comments shown in the right-hand column).

Principle 4: Delivering transformation projects – doing things differently, including better management of grants, fees and charges for services, and focusing on helping people with additional needs to live more independently for longer, helping to put the council on a more sustainable financial footing for the long-term.

Comments on Principle 4	No. of comments
General support. Supportive, as long as it is value for money. This has to be achieved within current budgets. Doing things differently, and therefore with less budget, is key. This should be done as a matter of course, rather than to need to spend lots of money on transformation experts or consultants. Why have such transformations not taken place already?	40

Comments on Principle 4	No. of comments
Agreed the council must do things differently and become more efficient. Reduce senior management costs, improve staff productivity, stop conducting vanity projects; ensure value for money from contractors. Manage better with the resources you have, do the tasks which add value and not the ‘nice to have’ ones. Look at staff performance management. The council seems to have wasted so much money over the years on projects that are quite frankly embarrassing, such as the multi-storey car park in Crewe, HS2, the cycle path schemes. Long term cost reduction is good. As long as processes are clear, transparent and realistically costed. The spend for services need to be cost effective. Find ways to generate revenue. Do more to drive economic growth. Get investment here. Grow the revenue base to fund the social care. Set up your own services – It must be cheaper for the council to make a small profit on services rather than private providers make very large profits. Examine all departments and working practices to seek efficiencies and better management of all expenditure. The council takes decisions in virtual secrecy and does not involve residents.	38
Transformation is needed, as long as it is done properly. Just sort yourselves out! The council definitely needs to look at how budgets are managed. CEC has a reputation of failing to deliver and for going above budget. Better management is needed full stop, wastage is criminal in this council. Transformative projects need to be low cost no cost – there are ample efficiencies that the council can take without it impacting on budgets. You need to radically change the way you work and deliver – it is clear the council is incapable of continuing to deliver the range of services it is currently trying to deliver. Where something is lower priority stop the service and offer it to parish/town councils to deliver if they feel it is important. Reality must be addressed. You must change the mindset and do things better for less. Thinking outside box is useful.	19

Comments on Principle 4	No. of comments
Transformation cynicism. Transformation projects always cost a hefty upfront fee to save in future, and then that saving never materialises. The problem with transformation projects is they always cost more than budgeted. How long this will take and how much wasted money will it take? Just get on with delivering what you have got. We've heard all this before, why should we believe it now? Without fundamentally changing the financial governance and financial controls of the council, this principle is largely meaningless. This is wishful thinking. Without proper oversight, transparency, and a fair process, this initiative is doomed to fail and will only deepen inequalities rather than provide sustainable financial solutions. I would like the council to be on a more sustainable footing but I think the transformation plans are not going to support that. Who is leading the change – beware of "snake oil salesmen" who promise the world but are never around when it comes to picking up the pieces. Doing things differently means taking a more capitalist view of running the council and that will never happen in a local authority.	15
More information needed before meaningful comments can be made. How long will this take, how much will it cost? There is too much information listed to be able to comment. This principle is too vague and all-encompassing to be a single principle. This principle needs rewriting in plain English – it reads as 2 separate things: delivering transformation projects; and focusing on helping people. Say what you mean. We need clarity, sizing and priority of the problems that need resolving first and hard benefits of doing so, to ensure focus. "Transformation projects" feels like yet another buzz term which means nothing in reality. "Delivery" is the key term - Can the council do that? What is a "transformation project "? This sounds like jargon and is meaningless.	13
Reshape services to meet the needs of the many not the few. [Repetition of comments made for principles 1 and 3].	12
Stop raising Council Tax. Don't raise it above 4.99%. You should be able to manage these costs without having to ask for extra funding above the 4.99% limit. People cannot survive with taxes always going up.	10
Supporting independent living is an obviously good choice for those with additional needs and the local authority. Services which keep those who can more independent is a must. It is pleasing that independent living for people with additional needs is to be an area for focus.	8
General opposition. The council has had long enough to do things differently and constantly fail.	7

Comments on Principle 4	No. of comments
Consultation comments: Proper consultation is needed. Have co-production with families at an early stage to share ideas, focus on needs and formulate plans. Open plans to public opinion at all stages of a project to ensure you are heading in the right direction. Things like this survey are great. Ask the residents and respect their opinions. Not like the refuse collection poll! Front line staff should be consulted to understand where real life changes can be made which improve front line work rather than a top-down approach. Previous changes are now being undone as they didn't work, despite front line staff advising of this from the start and experienced staff left the authority leading to increased use of agency staff. True engagement with staff is needed as previous consultations with staff and residents has been disingenuous which has led to a lack of engagement. Stop wasting money on consultations in which you ignore any views of the residents. There are too many consultations which cost money.	6
Commissioning: Have qualified tender writers who are paid on achievement of targets to get as much money in through grants etc. to benefit as many as possible. Get a proper team of managers who know how to negotiate contracts for a proper price instead of rolling over and being ripped off wasting our money. Too many care companies are jumping on this to make a profit.	3
Town Centre transformation is needed.	3
The council has to **invest in staff**.	3
The phrase "better management" suggests the council is aware of unsatisfactory management, and if so those responsible should be named, shamed and sacked. This statement implies that grants have been badly managed in the past. What have you been doing up to now and why should taxpayers have any confidence that your "Eureka" moment will lead to change?	3
Why are you trying to reinvent the wheel all the time? How many times can you transform, into what this time, butterflies? You continue to fail with this – how many times!	3
Social care should be central government and NHS funded.	3
Charges for fees and services should vary according to the availability of facilities such as Waste and Leisure services. Some towns have both of those facilities which are of high quality whereas a few others have none or have facilities of lower quality which is very unfair and discriminatory.	2
Support for My CWA. [Repetition of comments made for principle 1].	2

Comments on Principle 4	No. of comments
"**Living more independently**" must not be used as a smoke screen for reducing or ceasing to deliver care. Do not set vulnerable adults up to fail and then tell them they were not eligible for the services or support they may need.	2
Transformation is never easy, in other sectors it is called "Insolvency Practitioner". Transformation almost always demands cost increases in years 1 and 2. This is a challenge, but the solution is redundancies in these years to free up the funds to invest in improvements to systems.	2
Merge back with Cheshire West and Chester Council to reduce duplication.	1
Go for a Mayor deal and get more devolved funding.	1
Transforming the way we travel would make a difference.	1
Support for the use of AI to reduce costs.	1
Adults need to take responsibility for their own care, councils must stop molly-coddling people.	1
It is wrong that the elderly who have paid into the system all their life should pay for social care as opposed to adults who choose to have children getting free SEN support. Parents should be made to contribute to SEN.	1
Concern that the top jobs are advertised as silly salaries, if these are being paid out then the results need to be outstanding. Some of the titles are questionable.	1
Better management by who? The same people who have repeatedly demonstrated they can’t manage budgets effectively?	1
You have no real understanding of who the residents in genuine need are, meaning that once again, it will be those who play the system who benefit the most.	1
Is it really effective to bring services back in house when appropriate staff cannot be recruited and better results and outcomes can be achieved by commissioning appropriate specialist 3rd party suppliers?	1
Your aspirations outstrip the actual finances. You have to go back to basics and then build from there. You cannot tax your way out of problems that just kills growth and it is that growth that will allow (in time) some services to return. You can't afford projects unless they deliver a financial return in year 1.	1
What are councils throughout the country doing as this is a UK wide issue?	1
The transformation projects should have independent expert ethics and compliance review.	1
Transformation changes must be embedded in the organisation at all levels.	1
Cooperative working with Town and Parish Councils must become a reality and not a vague aspiration voiced by leaders.	1

Comments on Principle 4	No. of comments
Use the newly announced government funding to help people stay in their own homes.	1

Principle 5 feedback

Feedback for principle 5 is summarised below. (Please note – similar responses have been summarised into a single comment, or an example comment has been included, with the number of comments shown in the right-hand column).

Principle 5: Addressing new external costs, such as the increase in National Living Wage which can mean that the services the council commissions from external providers, including many adult social care services, cost more.

Comments on Principle 5	No. of comments
Opposed to the council using external providers. Don't use external providers. The problem with external provision of services is the council can become hostage to providers who charge what they want because there is no alternative council run provision, external contractors are renowned for 'ripping off' public bodies. Care home owners pay poor wages to staff and cream off the profits. Many providers can charge what they want, we need more rigorous scrutiny to make sure we get value for money. The way services are procured means whole system doesn't get the right services to the right people. The ridiculous use of outside contractors to do the work of employees on "long-term sickness" needs to stop. Why not bring some 'in-house', refuse to pay exorbitant costs, or reduce dependence upon them. There should be careful consideration of inhouse provision if appropriate. Cutting council run social care services can be a false economy, how much has really been saved by closing Hollins View and The Stanley Centre?	36
Stop wasting money, on unnecessary projects, be more efficient. Reduce the size of administrative staff. Have a review on just how many staff you actually need given nearly all services are cut. Have a pay freeze on all staff. Look into reducing the number of staff & managers you have & work smarter/ more efficiently. Cut wages of the highest earners. Productivity, efficiency and accountability are the watchwords of any service. Make jobs more accountable for their actions there is currently no accountability in any job role in Cheshire East. I do not support using external factors, such as the increase in the National Living Wage, as justification for higher costs without proper scrutiny of how funds are being managed. Fully cost projects before starting and be held accountable if they are not completed and tax payers money wasted. Reduce your bureaucracy.	29

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Comments on Principle 5	No. of comments
The council has no choice but to pay the National Living Wage if it wishes to comply with the law. National Government sets the NLW. This question doesn't make sense because the council has no choice but to follow the law about NLW. The National Living Wage is essential for low-income households, it's a bitter pill we must swallow for the greater good. People need to be paid for the work they do at the right rates. This should have been anticipated and budgeted for.	19
The current national government has put this in place with no additional budgets. Labour's National Insurance tax raid and increases in the National Minimum Wage are going to have a devastating effect on the local care economy, as it will simply become impossible for many care organisations to continue providing care. Cheshire East already pays well below the average cost per hour for many adult social care services. The extra costs will just mean many care providers giving up or being unable to recruit. Government generating income from local government. It's a joke. Central Government agreed this, why should local communities have to pay? This should be funded by national government, CEC is broke. CEC and other LAs must lobby Government to meet the costs and impacts of their October budget decisions on council services - unless they want LAs to fall over.	18
General support for this principle, as long as it is clear and transparent.	13
This is the same situation in all sectors. All businesses should plan for changes to external costs as part of good business practice and financial planning, I'd hope the council were doing this anyway as part of their day to day? The council has to manage within its means. Literally every employer in the country has the same challenge. A business would have to balance the books, you consistently raise Council Tax and have done so to the maximum allowable amount.	12
Stop raising Council Tax. Cap Council Tax at 4.99%. We already pay a lot for poor quality services. We do not get anywhere near the pay-rises required to sustain the Council Tax & other stealth tax increases. We cannot continue sustaining these year on year additional council costs, for less and less services.	10
More information needed before meaningful comments can be made. What does this mean? Are you going to try and not pay the National Living Wage to staff? How can anyone answer this without proper information? This is typical council waffle - "addressing new external costs"? What do you mean by "address"? Doing less? How can you deliver this within existing budgets? I would clarify this principle & state "identifying all potential cost increases and opportunities to reduce the impacts, incorporating both into budget planning process".	9
General opposition. We need to focus on the services that are used by all residents. The council is delusional.	9

Comments on Principle 5	No. of comments
Improve the performance management of contracts with external providers to ensure quality standards are being met, that user satisfaction is high, that they are efficient and effective and provide value for money. Ensure tender processes are transparent, thorough and offer value for money. It feels like we are still in a process of giving tender awards to people who are "known" to the council, not those who offer the best value for money.	6
Budget reform: Any budget should work on a worst case scenario to ensure adequate funding. The council appears to be continually over optimistic regarding raising money, saving money and spending which ultimately increases levels of uncertainty. Reduce what you do to focus on priority services, let Town and Parish Councils step up to deliver the discretionary services their areas want/wish to fund. If your basic overheads go up you need to shed your overhead elsewhere. Town and Parish councils should be allowed to commission local services for which CEC has responsibility.	4
Cut wastage. The council needs to look at how poorly it has managed the budget for the last few years. The residents have absolutely no confidence that the council will correctly use any money to deliver any meaningful improvement. Residents do not support this approach until the council has reallocated existing funds more appropriately. The council should not be increasing bills to recoup money spent unwisely or on projects the local community haven't approved. The council needs to be more open and transparent about how this will be funded.	3
High earners in the council (£50k and above) to have no increase in salary for 2025, and those very high earners >£80k should have no increase for multiple years. Pay executives less which would mean more for those on minimum wage.	2
You expect miracles out of your staff.	2
You cannot look after everyone and everything it is unrealistic and not fair on everyone else's sky rocketing Council Tax payments. You have to be realistic you cut staff or service altogether.	2
This isn't a principle but is standard budget planning.	2
We need to absorb these costs without pushing external providers to the brink. An extra burden on these providers will only lead to poorer services.	1
Learn from others who are already handling these rises.	1
Increase taxes if necessary to cover these increased costs.	1
No uplift on grant funding to the suppliers? We will just have to cut staff once again.	1
An **independent panel** should assess and approve plans.	1

Comments on Principle 5	**No. of comments**
Concern that the increase in wages and National Insurance costs are going to have a detrimental effect on the services that the council provide when you are short of money before these increases.	1
Savings can be made by reduction of in-house services with costly on costs such as enhancements for weekends and pensions, absence etc.	1
Opposed to constant increases in National Living Wage.	1
Encourage families to use Direct payments to employ PAs rather than using agencies.	1
Tighten up on the concept of more complex needs. Needs are not more complex than 50 years ago. It's an excuse.	1
Help people to help themselves. Impersonalisation creates apathy, the lack of care, and detachment. Adult social care is mirroring the breakdown in society. As you know taxpayers are funding young male immigrants to live in grand hotels, let them do something to help adults in social care in exchange.	1
Support for My CWA. [Repetition of comments made for principle 1].	1

Principle 6 feedback

Feedback for principle 6 is summarised below. (Please note – similar responses have been summarised into a single comment, or an example comment has been included, with the number of comments shown in the right-hand column).

Principle 6: Looking for other ways to change services to reduce costs, avoid costs, or increase income.

Ideas for reducing costs, avoiding costs, or increasing income	No. of comments
Reduce staff wages / improve staff productivity. Reduce senior management and Councillor costs. Lose 20% of the administrative headcount. Start by not having so many people on more than £100k, and big bosses not taking the 2.5% increases. The council appoints someone on high salary then they leave soon after with a nice full bank account having achieved little. Anybody earning above £50,000 per annum needs to take a pay cut, regardless of job title. Reduce the management layers, re invest the savings into front line. Get rid of all DEI positions. Have a management restructure. Stop working from home with immediate effect; Cancel free car parking for employees; Cancel reimbursement of professional fees for employees; Make employees attend office 80-100% to manage workload; Reduce working day to 35 hours - lowers salaries therefore saving; Reduce holiday entitlement to 28 days aligning with other authorities; Reduce flexitime allocation; Reduce staff turnover ratios; Reduce use of agency staff.	41
Improve council efficiency. Stop wasting money, stop spending money on vanity projects; learn from past mistakes; cut red tape and unnecessary waste; focus on key priorities; rein in spending on SEND services; Stop wasting my council tax on events and grants e.g. free childrens face painting at Sandbach market; 30k on the bowlers composting toilet; Christmas lights switch on ceremony with DJ and fire eaters; paying the cheshire mascots to prance around Sandbach; £10k spent on queens jubilee screen at the rugby club.	32
General support for this principle.	24
Reshape services to meet the needs of the many not the few. All of the principles focus solely on the vulnerable, there is no mention of any improvements that would benefit all residents. The range and quality of services currently provided is already very poor, and so these should not be further reduced, you have already cut essential services so they are useless. Taxpayers want to see all services we all use to function, before looking at non-essential services for the few.	24

Ideas for reducing costs, avoiding costs, or increasing income	No. of comments
This principle is a “no brainer”. Why are you asking whether you should do this, are you not doing this every day? If you're in a management position, this is what you should be doing all the time, this is a non-negotiable item. “Reducing costs” and “avoiding costs” is not really something you need to consult on. If this is the level of leadership at the council; it is not surprising that the budget is strained. It is an insult to anyone who has ever run a business, or managed a budget. Business is ever evolving....when a business stands still it fails. It is a staggering admission that "looking for other ways to change services to reduce costs, avoid costs, or increase income" has not been ingrained into your organisation and the way it is run. As “principles”, these six items are pretty poor.	20
Stop raising Council Tax. The council needs to work within the budget it has, increasing income has been exhausted. Council Tax is too high just for having our bins collected. The solution should not be that the taxpayer just ends up being charged more! Avoid all unnecessary costs, and keep any increase to council payers to the minimum possible, council tax is already extremely high.	15
Random money savings ideas: Speeding fines can bring revenue; Bad driving from tail gators should be charged; Poor parking can be fined; Look at people on benefits who are unable to get jobs support immediately to find work do not rely on them to do so; Stop support for these until working again; Support Crewe businesses to help shops relocate back to Crewe town centre; Allow garden waste charge to be collected by direct debit monthly to increase uptake and make more affordable for residents; Chase and enforce council tax avoidance and non payment; Make car parking free; Reduce costs for Crewe Hall and Tatton Park; Offer the parents of SEN children a minimum wage plus fuel costs to transport their own children to school thus would free up quite a lot of money; Increase delivery of services with Town and Parish Councils to reduce costs; recruit volunteers to help maintain parks and green spaces; sell all assets that are not being used; make all car parks pay and display; stop transferring highly valuable commercial property/assets to local town councils for free, sell these properties on the commercial market;	11
Stop conducting vanity projects. Stop any project which does not have a measurable (£) improvement; stop any/all art projects; stop annual celebrations which are council funded; stop wasting money on multi-storey car parks which lose money every day; stop wasting money on things like Edsential; stop investing in local playgrounds when there’s already one there; stop the completely unnecessary work done on Mill Street in Crewe where the road was closed for months; stop the new Cheshire Archive building in the same town that no-one actually asked for.	10

Ideas for reducing costs, avoiding costs, or increasing income	No. of comments
Improve medium to long term strategic planning. Think outside the box. Change is most likely come from a substantial reorganisation, painful in the short term and likely to affect some services but resource can always be added again in 2-3 years once the budget has been balanced. Adopt the 5S, continuous improvement, six sigma approaches on how you make improvements. Work smarter not just ring fencing and doing the same thing but reducing budgets elsewhere. The council appears risk adverse, multiple layers of accountability ultimately leads to delays in accessing and providing services and increased costs long term. Short term spending for long term gain needs to be considered rather than reactive short-term savings but long term negative impacts both financially and in terms of staff turnover.	7
Stop use of consultants.	7
Bring more services back in house, outsourcing went too far. Reduce the extortionate cost of contractors such as Ringway Jacobs for tidying up verges and green spaces which could be done by town wardens, town rangers, volunteers or just minimised. Ditch "Everybody", take leisure service back in house. Ensure value for money from contractors.	7
Start listening to residents. There are so many complaints about the council and nobody listens. As the council doesn't listen to anybody it will do what it wants. Charging for green bin collection and introducing food bins and fewer waste collections is universally unpopular, 80% of residents against it but went ahead anyway, so why waste time filling this in!	5
More information needed before meaningful comments can be made. What does this principle mean?	4
General opposition to this principle. The council currently see this as the one and only principle – cutting services left right and centre to provide the absolute lowest possible service that can be delivered. Please stop cutting services.	4
Stop development in Cheshire East. Freeze all new build planning applications, you have already demonstrated that you cannot support the current level of residents and infrastructure, it is poor management to allow any other project which will increase demands on all services in the future. With so much housing being built in the county, the developers should be held to account to contribute to the infrastructure including funding and building schools, dentist, doctors, flood defences etc.	4
Reduce costs generally.	3
Reduce future care costs. Focus on prevention otherwise the council will have an even bigger statutory services cost moving forward. Reduce care costs, better assess individuals claiming social care needs.	3

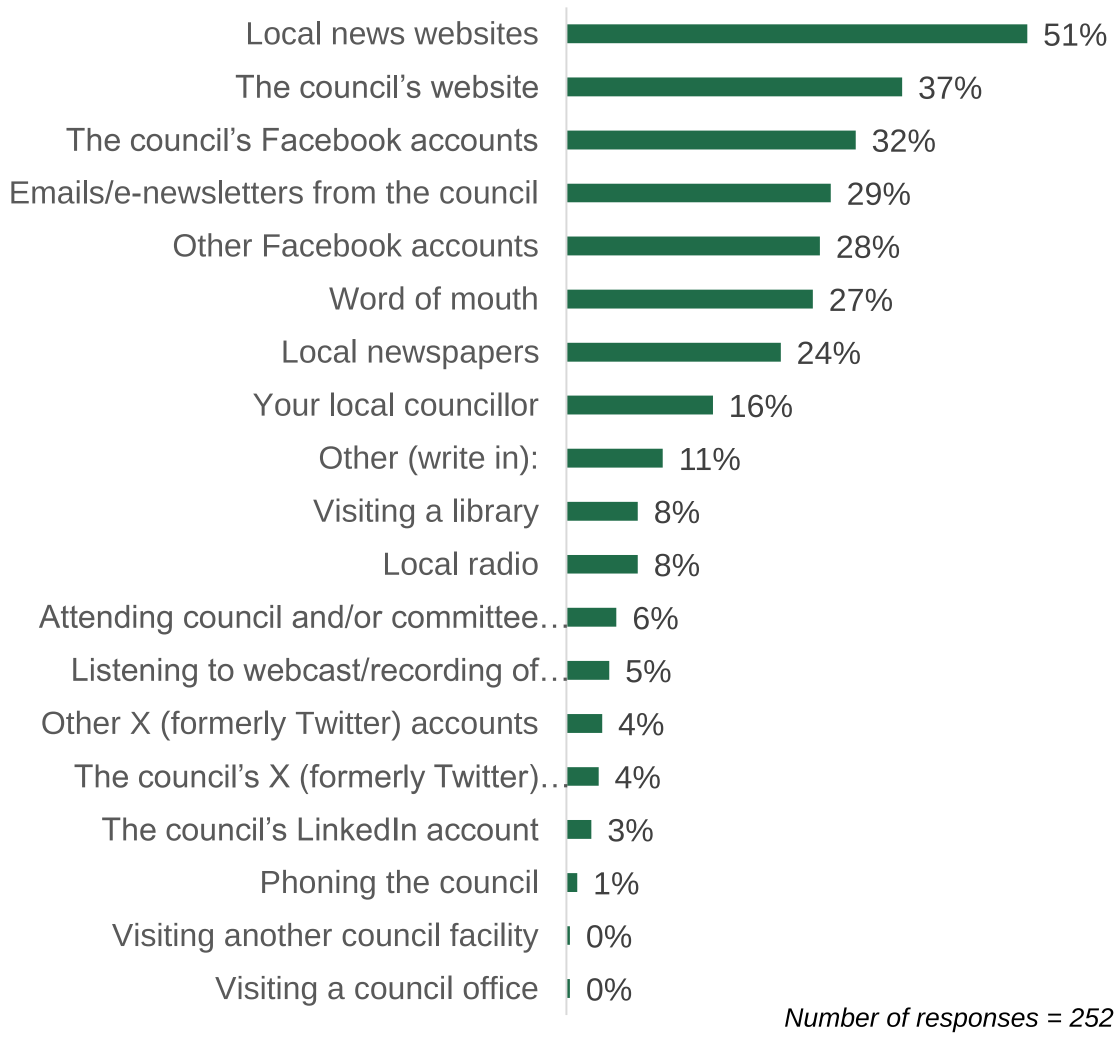
Ideas for reducing costs, avoiding costs, or increasing income	No. of comments
Bring in better council financial control and checks and balances on the budget. All spending should be scrutinised and this should have the involvement of residents along with board or panel. Call in local government specialists.	3
Review what other councils are doing and do the same.	2
Support for My CWA. [Repetition of comments made for principle 1].	2
Combine CE & CW&C to reduce costs. Give towns back to Town Councils.	2
Stop paying for hotels for illegal immigrants.	2
Abandon all net zero overheads including all staff and policies.	1
Charge residents in those towns with better services more.	1
Reduce what you do to focus on priority services, let Town and Parish Councils step up to deliver the discretionary services their areas want/wish to fund.	1
Elected representatives have become over involved. The elected representatives should set objectives and budgets and then withdraw. The officers should be left to implement and deliver the plans, and the officers must be fully accountable for the delivery. The officers should make the decisions without needing to refer to Council and Committees.	1
Pensions should be changed in line with the private sector to money purchase schemes.	1
There is overlap here with principle 4. This principle seems to be the same thing.	1
Do not borrow money to cover funding shortfalls.	1
File a section 114 notice. I see nothing for my Council Tax other than a bin collection, and even under emergency measures I'm sure that would remain. If I'm really lucky might even stay at a black bin collection every two weeks.	1
What a joke CEC is! Please **start operating like a proper council that is interested in the local community** rather than finding more and more ways to cut services and increase costs. Sort yourselves out please CEC before the local residents decide enough is enough!	1

Keeping informed and getting involved

Receiving information about council services now

The most common ways respondents currently get information about council services include: local news websites (51%), the council's website (37%), and the council's Facebook accounts (32%).

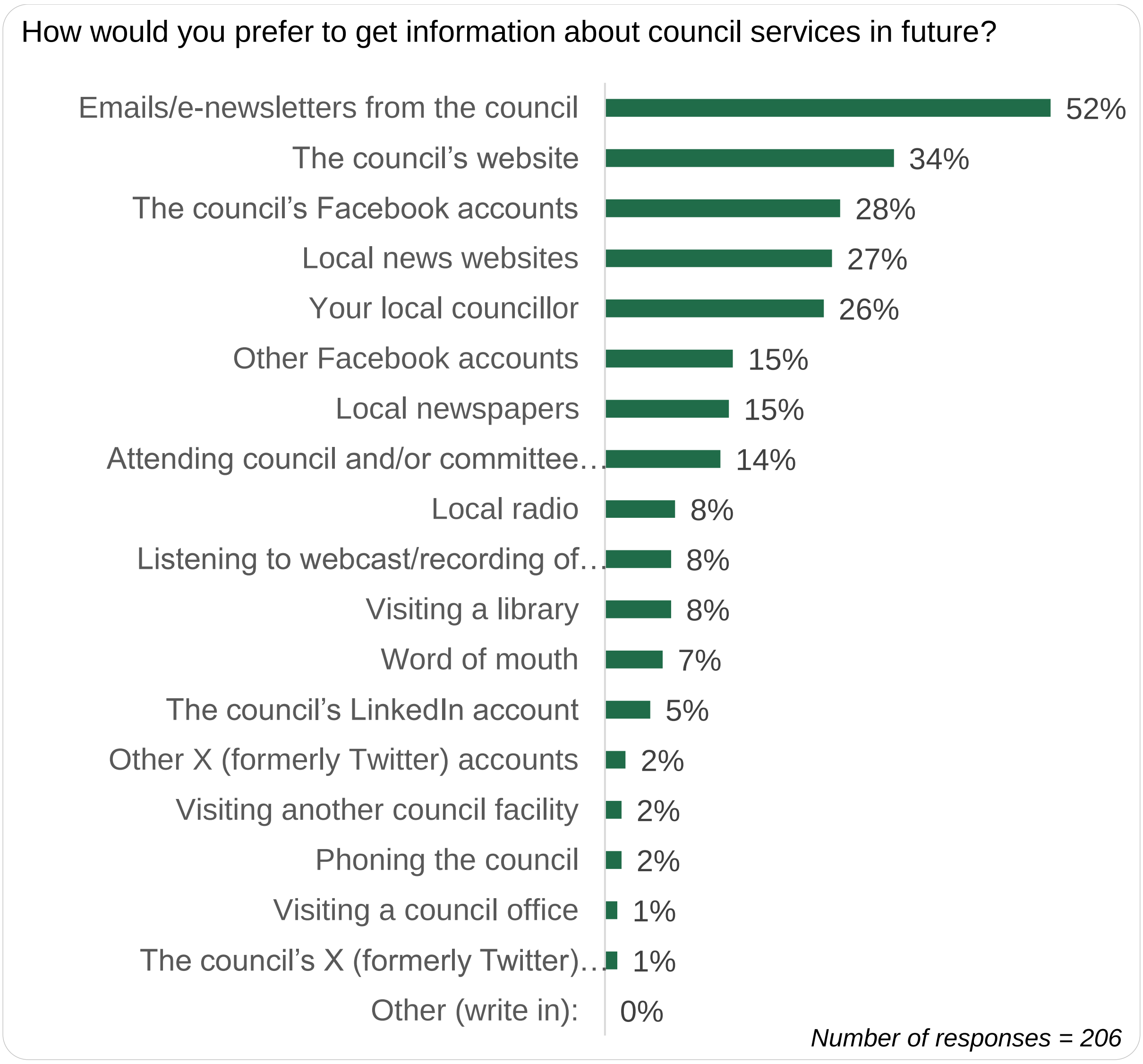
How do you currently get information about council services?



Number of responses = 252

Receiving information about council services in future

The most common ways respondents would prefer to get information about council services in future include: emails/newsletters from the council (52%), the council's website (34%), and the council's Facebook accounts (28%).



Getting involved

Just over half of respondents, 52%, would be interested in joining a community panel to discuss and inform the council's services, policies and priorities.

This includes 25% who would definitely be interested, and 25% who would like to find out more before deciding.

Would you be interested in joining a community panel to discuss and inform the council's services, policies and priorities?

Email and public comment feedback

In total 9 emails and public comments were received as part of this engagement.

The contents of the emails and public comments are summarised in the table below, with all 9 responses published verbatim further down. Responses have been redacted where necessary to protect the anonymity of the respondent.

Summary of content	No. of comments
Extremely detailed budget savings suggestions	Email 1
Opposition to increases in Council Tax	Emails 2, 3, 4 & 5
Opposition to the instalment of dishwashers in council offices	Email 4
Opposition to cuts to My CWA funding	Emails 6, 7 & 8
Suggestion to bring highways maintenance in-house	Public comment 1

Email response #1

Please find attached and below, my suggestions for the upcoming financial review and allocation of funds for your consideration.

Based on my review, here's a high-end breakdown of the estimated total savings and revenue increases:

* Total Estimated Savings: Approximately £31.3 million per year.

* Total Estimated Revenue Increases: Approximately £32 million per year.

Please note: These are high-end estimates, and the actual savings and revenue generated may vary, depending on the successful implementation of the proposed strategies and the specific circumstances of Cheshire East Council, and your ability to implement.

Kind regards

Key Areas for Budget Consideration

1. Enhancing Service Delivery

Focus on High-Impact Social Services:

Current Situation: Significant allocations for Adult and Children's Services (£96.9m-£115.4m and £159.1m-£161.1m respectively).

Recommendations:

- Invest in early intervention programs to reduce demand for high-cost, reactive services.
- Utilize technology to improve social worker case management efficiency (estimated savings: £1m/year).
- Target Savings: £3m/year from reduced demand and improved efficiency.

Transformation Projects:

Current Status: Included in the Transformation Plan with limited detail.

Recommendations:

- Expand digital services to automate processes (e.g., customer service). (Estimated setup cost: £2m, annual savings: £0.5m from year 2).
- Establish clear Key Performance Indicators (KPIs) for all transformation projects to ensure they deliver expected benefits.

Capital Projects:

Current Borrowing: £375.2m (2025/26) to £449.6m (2028/29).

Recommendations:

- Defer or cancel non-essential projects to reduce debt servicing costs (e.g. £10m less borrowing = £1m/year savings).
- Prioritize revenue-generating projects like renewable energy installations (estimated setup cost: £5m, annual revenue: £0.7m).

2. Cost-Saving Measures

Contract and Procurement Review:

Current Challenges: Contractual inflation significantly impacts operational costs.

Recommendations:

- Centralize procurement to leverage bulk discounts (potential savings: £2m/year).
- Renegotiate contracts to reflect efficiency expectations (target savings: 5% of Children's Services budget = £4.8m).

Service Rationalization:

Current Data Limitations: Lack of detailed spending data for discretionary services.

Recommendations:

- Review and potentially reduce or eliminate services with low usage or minimal impact (target savings: £2m/year).
- Conduct cost-benefit analyses to justify the retention of all discretionary services.

Capital Financing and Borrowing:

Current Costs: £15.6m-£16.4m in borrowing costs.

Recommendations:

- Maximize the use of capital receipts (£6.8m in 2025/26) to fund projects, reducing borrowing needs.
- Prioritize grant-funded projects to replace £5m of annual borrowing.

Workforce Optimization:

Current Challenges: Rising National Living Wage and reliance on agency staff.

Recommendations:

- Limit the use of agency staff to critical roles (target reduction: £2m/year).
- Upskill existing employees to fill vacancies, reducing the need for external hires.

3. Revenue Generation Opportunities

Fee and Charge Review:

Current Situation: Fees and charges contribute significantly but may be below market rates.

Recommendations:

- Adjust fees to market rates for non-essential services (e.g., leisure facilities, parking) (target increase: £3m/year).
- Implement dynamic pricing (e.g., weekend parking fees) for high-demand periods (target increase: £1m/year).

Asset Capitalization:

Current Forecast: £6.8m in capital receipts.

Recommendations:

- Lease underutilized council-owned properties (target revenue: £2m/year).
- Sell non-strategic assets (target receipts: £10m over four years).

Improved Tax Collection:

Current Challenges: Uncollected taxes not fully quantified.

Recommendations:

- Invest in advanced analytics to identify and recover overdue council tax and business rates (estimated investment: £0.5m, potential additional revenue: £3m/year).

Partnerships and Grants:

Current Status: Unclear allocation for partnerships and grants.

Recommendations:

- Seek national grants for renewable energy and social care initiatives (potential grant revenue: £5m over three years).

4. Process Improvements

Enhanced Monitoring:

Recommendation: Utilize detailed dashboards for real-time budget monitoring to identify variances early (cost: £0.2m, potential savings: £2m/year).

Stakeholder Engagement:

- Recommendation: Involve local businesses in revenue generation planning (e.g. sponsorships for council-run events) (estimated additional revenue: £0.5m/year).

5. Additional Savings Areas

Resizing Demand-Led Budgets:

Current Situation: Significant allocations for Adult and Children's Services due to rising demand.

Recommendations:

- Invest in preventative care programs to reduce the need for high-cost placements (estimated savings: £3m/year).
- Introduce tighter eligibility criteria for certain non-mandated social care services (potential savings: £2m/year).

Streamlining the Capital Program:

Current Pressure: £375.2m borrowing in 2025/26, rising to £449.6m.

Recommendations:

- Defer or cancel non-essential capital projects (estimated savings: £5m/year in borrowing costs).
- Increase scrutiny on new capital requests (£55m over the medium term).

Corporate and Administrative Costs:

Current Budget: £28.9m in 2025/26.

Recommendations:

- Audit back-office operations to identify redundancies and outsourcing opportunities (potential savings: £1.5m/year).
- Explore shared services with neighboring councils (potential savings: £2m/year).

Energy Efficiency and Carbon Reduction:

Current Status: No specific allocations for energy-related improvements.

Recommendations:

- Invest in energy-efficient retrofits for council buildings (initial cost: £1m, annual savings: £0.5m).
- Implement renewable energy projects on council-owned land (estimated revenue: £1m/year).

Use of Reserves:

Current Reserves: £10m, insufficient for projected shortfalls.

Recommendations:

- Explore exceptional financial support options (e.g., capitalizing transformation costs).
- Increase efforts to replenish reserves through targeted asset sales (target: £5m over two years).

6. Additional Revenue Generation Areas

Maximizing Business Rates:

Current Revenue: £57.1m/year.

Recommendations:

- Develop incentives for new businesses to expand the tax base (potential increase: £2m/year).
- Review business rate exemptions to ensure alignment with policy objectives (potential recovery: £1m/year).

Tourism and Cultural Events:

Current Funding: Not detailed in the budget.

Recommendations:

- Partner with businesses to host large-scale events (potential sponsorship revenue: £1m/year).
- Introduce tourism-specific taxes (e.g., short-term accommodation fees) (potential revenue: £0.5m/year).

Public-Private Partnerships:

Recommendations:

- Establish partnerships for co-developing infrastructure projects (e.g., leisure facilities).
- Monetize council expertise by offering consultancy services to other councils (potential revenue: £0.5m/year).

Community Crowdfunding:

Recommendations:

- Introduce crowdfunding for community-based projects (estimated annual contribution: £0.5m).

Partnering with Electric Charger Companies:

Recommendations:

- Collaborate with EV charger providers to install charging stations in council-owned car parks.
- Explore revenue-sharing models, increased parking revenue, and government grants.
- Potential Revenue: £25,000-£50,000 annually from 50 chargers.

7. Risk Mitigation and Forward Planning

Addressing the DSG Deficit:

Recommendations:

- Address the growing Dedicated Schools Grant (DSG) deficit (£120.1m forecast for 2025/26).
- Engage with government for statutory override extensions or debt restructuring.

Transformation Plan Review:

Recommendations:

- Ensure transformation initiatives remain on track and deliver promised savings.
- Shift underperforming projects to alternative funding models.

Long-Term Financial Sustainability:

Recommendations:

- Ensure revenue-raising initiatives align with broader council objectives.
- Develop a 10-year financial roadmap incorporating projected demographic and economic changes.

Email response #2

How deep do you think our pockets are, I like many others are struggling with paying our bills as it is.

CEC is a beast that is out of control and we cannot be continually be asked to feed it, let's go back MBC [redacted]) I thought the idea of going to CEC was to be more competitive with services, I for one have not seen this.

I hope you do realise the impact this price increase is going to do to working class people. I for one is at my wits end.

Email response #3

I disagree with the proposed amount of increase in Council Tax for the next financial year. Staff pay was increased quite recently and I wonder whether this could have been afforded. With the loss of Winter Fuel Allowance for all except those on benefits many people are currently struggling. As a former Councillor, I am aware that this has had a serious effect on many just above the threshold. So whilst accepting the need for an increase, the proposal should stay within the Government guidelines and not be increased further.

The budget should be set and adhered to. I understand that this year this was not the case. One of the problems with the newish unitary Council, a disproportionate amount is going to Crewe rather than balanced between the three old Boroughs.

Similarly far too much has been wasted on HS2 which may never happen. This sort of extravagance causes the shortfall which would probably be far less without those payments.

Therefore I believe any increase should be no more than inflation, a budget set and adhered to.

Email response #4

CEC cannot expect their residents to pay the is increase or support the loan request. CEC are not truthful and do not listen to its residents.

Can you confirm if rumours that Delamere house is to have dishwashers installed on every level for the staff to wash their cups in are true? Whilst rumours like this are heard, CEC credibility score will never rise.

Having moved to CE 25 years ago, I have seen a huge decline in Crewe particularly and the erection of the multi-story carpark is one of the most stupid things I have ever witnessed and the lady who keeps trying to defend this on TV needs removing.

The state of the refuse collection in some areas of Crewe is diabolical.

In addition, the sudden introduction of making CE part of a Devolution area is farcical and a 12 month consultation is not long enough but when we know that the outcome is already decided by our Labour MP and his pals is again contempt for your payees.

No, 9.99% is not acceptable. No to any further loans.

Do what your residents have to do.

Cut your expenditure.

Stop wasting money.

Stop bowing to Government and look after your residents.

No dishwashers in Delamere.

Email response #5

NO NO NO TO MORE THAN 5% AND THATS TOO MUCH.

HOW DO YOU EXPECT YOUR HARD WORKING OR RETIRED CITIZENS TO CONTINUE TO PAY FOR LESS SERVICES?

YOU WASTE OUR MONEY. PLEASE EXPLAIN WHERE ALL THE EXTRA COUNCIL TAX IS GOING FROM THE THOUSANDS OF NEW HOMES YOU HAVE BUILT IN CHESHIRE EAST.

YOU CANNOT FIX THE ROADS. YOU HAVE BUILT A MULTI MILLION POUND CAR PARK - FOR WHOM? FOR WHAT?

CREWE TOWN CENTRE IS LITTERED WITH FOREIGNERS USING OUR MONEY TO BUY ALCOHOL, CIGARETTES, DRUGS.

YOU SPEND MONEY ON FANCY CHRISTMAS LIGHTS - WHO FOR? NO ONE WE KNOW NOW VISITS THE TOWN CENTRE UNLESS ABSOLUTELY ENTIRELY NECESSARY.

YOU CHARGE FOR GARDEN BINS, BUT DO NOT COLLECT FOR THE FULL YEAR, YET WE HAVE GARDEN WASTE AND FOOD WASTE FOR THE FULL YEAR!?!? AT YHE SAME TIME YOU ARE CLOSING TIPS.

WE SCORN CIVIL SERVANTS YET YOU DON'T UNDERSTAND WHY. THIS IS A SAD FACT, AND IF YOU DON'T YET UNDERSTAND WHY WE ALSO SCORN INCLUSION AND DIVERSITY PROGRAMMES THEN YOU REALLY ARE COMPLETELY OUT OF TOUCH WITH YOUR COUNCIL TAX PAYING CITIZENS.

Email response #6

Please do not cut the My CWA funding. Its a vital service that has helped me no end. I am a healthcare professional and see how valuable the service is to my patients. Please do not cut funding to this vital lifeline.

Email response #7

Please do not stop funding the essential life saving work Cheshire Without Abuse do. Women and children will die as a result of your decision. Every week two women are killed as a result of domestic violence. We need this vital support offered by CWA.

CWA support with accommodation, trauma, counselling, advocacy, court and custody issues and so much more, also providing a safe space for women to tell their heart breaking stories. We are a family who respect and support each other through the terrifying and life changing experience of domestic abuse.

Without CWA we have nowhere to go, no support, no understanding of what we are experiencing and no idea of what services can help us heal, keep us safe and educated on what we have lived. We are alone with no hope.

Email response #8

Good afternoon,

Although I like many others understand the budget cuts, I genuinely think that you have made a very poor choice by cutting the Cheshire without Abuse funding. As somebody who has used there service for both myself and my child and as somebody who has found myself in a position where I need to use their service again I am beyond shocked and absolutely appalled that somebody has made the decision to cut funding for domestic abuse. This really does need to be re-evaluated.

Engagement webpage public comment #1

The Council needs to seriously consider bringing highway maintenance in-house repair service very poor. Income generation by private companies for the council usually very poor. The Lane rental proposal was not understood and the funds generated were until recently going to a central fund hence council may lose money but the private company get paid. Usually council pays over the odds for services and the private company spends often waste millions in capital expenditures and drain the council of funds which should have been used on preventative maintenance schemes which extend life I can't remember the last surface dressing programme.

Council Committee feedback

Throughout January and February 2025 all council Committees debated agenda items on the Medium Term Financial Strategy Consultation 2025/26 - 2028/29.

Details of each of these Committees are provided below, with links included to listen to the items or to view the meeting minutes.

Committee links	Date
Corporate Policy Committee	6 February 2025 (Item 49)
Finance Sub-Committee	9 January 2025 (Item 39)
Children and Families Committee	13 January 2025 (Item 69)
Economy and Growth Committee	14 January 2025 (Item 43)
Adults and Health Committee	20 January 2025 (Item 44)
Highways and Transport Committee	23 January 2025 (Item 6)
Environment and Communities Committee	30 January 2025 (Item 6)

Cheshire East Council

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OPEN

Corporate Policy Committee

6 February 2025

Cheshire East Plan 2025-29

Report of: Karen Wheeler – Interim Assistant Chief Executive

Report Reference No: CPC/53/24-25

Ward(s) Affected: All

For Decision

Purpose of Report

1 This report presents the draft new Cheshire East Plan 2025-29 for approval and recommendation to full Council.

2 The Cheshire East Plan 2025-29 sets out the council's overall vision and commitments for the borough and provides clarity of purpose and strategic direction for the organisation, residents and partners, aligned to the Medium-Term Financial Strategy (MTFS).

3 Corporate Policy Committee provides strategic direction to the operation of the council and is responsible for the formulation, co-ordination and implementation of the Cheshire East (Corporate) Plan. The Committee has a responsibility to recommend the Cheshire East Plan to full Council for approval in line with the Budget and Policy Framework set out in the Constitution.

Executive Summary

4 This report presents the draft new Cheshire East Plan 2025-29 for approval and recommendation to full Council.

5 The Cheshire East Plan 2025-29 sets out the council's overall vision and commitments for the borough and provides clarity of purpose and strategic direction for the organisation, residents and partners.

6 The plan is at the heart of the council's strategic framework and golden thread running through its policies, people, processes and practice, and is aligned to the new operating model developed as part of the Transformation Plan. The aspirations which form part of the model for how the council will work are included in the draft Cheshire East Plan 2025-29. This will help us improve our culture and processes, systems and structures underpinning the delivery of the plan.

7 It is also aligned to the Medium-Term Financial Strategy 2025-29 which is the resource and financial plan of the Cheshire East Plan.

8 The proposed vision and commitments for 2025-29 as set out in the draft plan are:

Enabling prosperity and wellbeing for all in Cheshire East

Commitment 1: Unlocking prosperity for all

Commitment 2: Improving health and wellbeing

Commitment 3: An effective and enabling council

9 The commitments reflect both the short-term challenges the council is addressing and long-term ambitions for the people and place of Cheshire East.

10 This is an overarching document reflecting key existing strategies and plans including the council's approach to delivering transformation and improvement. The plan does not include all the detailed projects and actions required to implement it but recognises that working in strong partnerships will be key to successful delivery. Once the Cheshire East Plan is agreed, a delivery plan will be created to set out the specific activity the council will prioritise and lead, to work towards achievement of the commitments. This will involve collaboration and co-production with Members, staff, partners and residents, as well as effective engagement. The delivery plan will be agreed by Corporate Policy Committee and progress reported regularly with an annual review.

11 A cross-party Member task and finish group was set up to support the development of the plan and has provided constructive input into the commitments and approach overall including that the tone should be positive and forward looking, and the language used easy for residents to understand. The Members are Councillors Braithwaite, Goldsmith, Gorman and Posnett. Staff engagement has taken place throughout the process.

12 Corporate Policy Committee provides strategic direction to the operation of the council and is responsible for the formulation, co-ordination and

implementation of the Cheshire East (Corporate) Plan. The Committee has a responsibility to recommend the Cheshire East Plan to full Council for approval in line with the Budget and Policy Framework set out in the Constitution. If supported by Corporate Policy Committee, the draft plan will be recommended to full Council for approval in February 2025 alongside the MTFS.

RECOMMENDATION

The Corporate Policy Committee is recommended to:

1. Agree the draft Cheshire East Plan 2025-29 at Appendix 1
2. Delegate authority to make any final amendments to the interim Assistant Chief Executive in consultation with the Leader and Deputy Leader prior to submission to Full Council
3. Support the development of an annual delivery plan as part of a new corporate performance management framework
4. Agree that the committee receives at least quarterly updates on progress with the Cheshire East Plan 2025-29 and delivery plan.

The Corporate Policy Committee recommends to Full Council:

5. The Cheshire East Plan 2025-29 as amended in accordance with the above delegation.

Background

13 The current Cheshire East Plan 2021-25 was approved in February 2021 and covers the period April 2021 to March 2025. The Plan was refreshed for 2024/25 to better reflect the council's financial position and was agreed at full Council in July 2024. In recommending the refreshed plan to full Council, Corporate Policy Committee also agreed to the development of a new strategic plan for Cheshire East Council to follow the current plan.

14 A new plan for 2025 onwards is now essential to provide residents, partners and the organisation with clarity of purpose and strategic direction aligned to a new operating model and MTFS. Although not a statutory requirement, a corporate plan is best practice and by setting out a clear set of strategic commitments, the Cheshire East Plan 2025-29 will allow everyone to see the council's vision for the borough.

15 The LGA's Corporate Peer Challenge report published in July 2024 includes a recommendation for the council to *Develop and agree a new multi-year Council Plan.* The report states that:

"…the opportunity exists for the Council to refresh its Council Plan to provide a consistent and clear narrative regarding its priorities and the difference it is seeking to make to the life of residents. This process will support staff, partners, and residents to be able to articulate and understand the ambitions of the organisation and will also support the Council to coordinate and corral organisational and individual contributions towards these goals."

16 This is an overarching document reflecting key existing strategies and plans including the council's approach to delivering transformation and improvement. It is recognised that other plans have necessarily been created before this to respond to external feedback and timelines including the Transformation Plan, Corporate Peer Challenge Action Plan and Children's Services Improvement Plan. Other critical and cross-cutting strategies such as the Health and Wellbeing Strategy 2023-28, have also been used to inform the Cheshire East Plan. Important aims from these strategies and plans are embedded within the overall commitments.

17 The plan does not include all the detailed projects and actions required to implement it but recognises that working in partnership will be key to successful delivery. Once the Cheshire East Plan is agreed, a delivery plan will be created to set out the specific activity the council will prioritise and lead, to work towards achievement of the commitments. This will involve collaboration and co-production with Members, staff, partners and residents, as well as effective engagement. It will also enable residents to hold the council to account for its performance in delivering against the commitments in the plan.

Annual Delivery Plan

18 The delivery plan will be created in the coming months to be agreed by Corporate Policy Committee in June 2025. Progress will be reported regularly with an annual review.

19 The Cheshire East Plan and its delivery plan are a core element of developing a new council-wide Performance Management Framework based on best practice. The framework will provide insight to inform decision-making, ensure accountability, transparency and enable robust internal and external scrutiny. It will set out a hierarchy of strategies, policies, service plans, key performance indicators and inform personal development plans (PDRs) for all staff – a golden thread.

20 The principles of the framework include:

- Alignment, management and reporting of all aspects of performance and assurance including finance and risk
- Include SMART (specific, measurable, achievable, relevant, timebound) indicators and targets covering strategic, demand and organisational measures
- Be underpinned by robust data quality assurance
- Be sustainable using automation and digital technology where possible e.g. PowerBI
- Ensure openness and transparency, facilitating continuous improvement
- Ensure clarity of roles, responsibilities and accountability
- Create one version of the truth

21 Corporate Policy Committee currently receive a quarterly update on the delivery of the Cheshire East Plan 2021-25 only and service committees receive performance information on a regular basis specific to the subject of the committee. The new framework will improve strategic corporate oversight and consistency of approach, complementing the detailed performance and service specific dashboards that are considered at service committees.

Communication Plan

22 A Communication Plan will be developed to support the launch of the new Cheshire East Plan 2025-29 and ensure the vision and commitments are widely communicated, embedding them in everything that the council does.

23 The Communications Plan will include an updated look, feel and tone to the council’s communication channels and materials ensuring a modern and engaging approach to reflect Commitment 3 to be an effective and enabling council and underpin the approach to collaboration.

24 If agreed, the plan will be launched at a series of all staff events taking place in March 2025.

Consultation and Engagement

25 Engagement with a wide range of staff has taken place throughout the development of the draft Cheshire East Plan 2025-29 including at in person staff events involving over 400 staff from across the council at all levels, Wider Leadership Community, Management Boards and Corporate Leadership Team.

26 A cross-party Member task and finish group was set up to support the development of the plan and has provided constructive input into the commitments and approach overall including that the tone should be positive and forward looking, and the language used easy for residents to understand. The Members are Councillors Braithwaite, Goldsmith, Gorman and Posnett.

27 Member groups were engaged in the overall approach and timescales - 'a plan for a plan' - in November 2024 and a briefing was delivered to the Town & Parish Councils Network.

28 Residents and partners have been consulted and engaged in a variety of ways in the development of the strategies and plan that have informed and underpin the draft plan. An annual delivery plan will be developed to set out the specific activity the council will prioritise and lead to work towards achievement of the commitments. This will involve collaboration and co-production as well as effective engagement with Members, staff, partners and residents.

29 Previous resident engagement activity in Macclesfield and Crewe in late 2023 was reported to Corporate Policy Committee on 13 February 2024 along with the outcomes of the 'shaping our future' survey. This public consultation has also informed the draft plan.

Reasons for Recommendations

30 Corporate Policy Committee provides strategic direction to the operation of the council and is responsible for the formulation, co-ordination and implementation of the Cheshire East (Corporate) Plan. The Committee has a responsibility to recommend the Cheshire East Plan to full Council for approval in line with the Budget and Policy Framework set out in the Constitution.

31 The draft new Cheshire East Plan 2025-29 is presented with this report for approval and recommendation to full Council in February 2025, together with any amendments required following input from Corporate Policy Committee and any other necessary amendments required.

Other Options Considered

Option	Impact	Risk
Do nothing	No Cheshire East (Corporate) Plan from April 2025 – lack of clarity of overall purpose, ambition and priorities for Members, staff, partners and residents	No overall golden thread impacting direction for staff and golden thread through other strategies and service plans Lack of clarity leads to competing demands for resources and risk to deliverability of the MTFS

Option	Impact	Risk
		LGA Corporate Peer Challenge recommendation is not met
Develop a one-year/short-term plan	Only short-term clarity of ambition and priorities for the council	Lack of strategic direction, multi-year longer-term vision and ambition as recommended by the LGA
Develop a long-term/five-to-ten-year plan	Lack of immediate pace and clarity for delivery addressing short-term challenges and opportunities	External factors such as the national policy landscape more likely to change during the period

Implications and Comments

Monitoring Officer/Legal

32 There are no direct legal implications arising from this report. Corporate Policy Committee provides strategic direction to the operation of the council and is responsible for the formulation, co-ordination and implementation of the Cheshire East (Corporate) Plan. The Committee has a responsibility to recommend the Cheshire East Plan to full Council for approval in line with the Budget and Policy Framework set out in the Constitution.

Section 151 Officer/Finance

33 There are no direct financial implications arising from this report. The draft plan has been developed alongside the MTFS 2025-29. The MTFS is the resource and financial plan for delivery of the Corporate Plan. The council will use its resources to deliver the commitments.

34 If there are any material changes that impact on the MTFS identified through the development of the delivery plan, they would need to be brought back for amendment through Corporate Policy Committee and full Council.

Policy

35 This report proposes a new Cheshire East (Corporate) Plan 2025-29 setting the overarching policy framework and priorities for the council. Quarterly reporting on the current plan will continue, demonstrating progress against the existing priorities open, fair and green for 2024/25.

Equality, Diversity and Inclusion

36 The commitments in the draft plan will support the council to meet the Public Sector Equality Duty and obligations under the Equality Act 2010. Embedding a new approach to engagement and collaboration will be essential including listening to and working with individuals and partners representing seldom-heard populations and those with protected characteristics. The operating model developed as part of the Transformation Plan includes the principles to be inclusive and equitable.

37 Conversations with staff have shaped our aspirations for the council we want to be and how we work and are included in the plan. This will help us improve our culture and processes, systems and structures underpinning the delivery of the Cheshire East Plan 2025-29.

Human Resources

38 There are no direct human resources implications arising from this report. The draft Cheshire East Plan provides clarity on the overall strategic direction for the organisation and will be reflected in service plans and personal development reviews (PDRs) as part of the golden thread.

Risk Management

39 Budget, risk and performance are fundamental elements of a good Performance Management Framework and are intrinsically linked. The new plan helps to inform the identification and management of corporate risks with risk assessments taking place for individual activities and projects where appropriate. All elements of budget, risk and performance reporting and management will be reflected in the Performance Management Framework and risks identified as part of the delivery plan.

Rural Communities

40 The plan recognises the need for greater inclusion for rural communities. A Rural Action Plan 2022-26 was approved by the Economy and Growth Committee, which includes priorities around digital connectivity, access, housing, visitor economy and support for rural based businesses.

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

41 Priorities relating to children, young people and cared for children are reflected in the draft Cheshire East Plan. The plan has been informed by the Children’s Services Improvement Plan and other key strategies.

Public Health

42 The draft Cheshire East Plan 2025-29 supports the council's Public Health priorities using the Joint Strategic Needs Assessment (JSNA) and 'tartan rug' to ensure that work with partners continues to address issues of health inequality, poor housing, poverty, employment and education across urban and rural communities across the borough.

Climate Change

43 The council's existing commitment to be carbon neutral with minimal offset by 2030 is reflected in the draft Cheshire East Plan 2025-29 and ambitions to influence becoming a carbon neutral borough by 2045.

Access to Information	
Contact Officer:	Karen Wheeler – Interim Assistant Chief Executive karen.wheeler@cheshireeast.gov.uk Michael Moore – Head of Engagement and Communications michael.moore@cheshireeast.gov.uk
Appendices:	Appendix 1 – Draft Cheshire East Plan 2025-29
Background Papers:	Cheshire East Plan 2024/25 Agenda for Corporate Policy Committee on Tuesday, 13th February, 2024, 2.00 pm | Cheshire East Council

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Cheshire East Council

Enabling prosperity and wellbeing for all

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Cheshire East Plan 2025-29

FOREWORD

Enabling prosperity and wellbeing for all in Cheshire East

Cheshire East is a great place to live, work and visit for many, and has so much potential to be a brilliant place for everyone. We are ambitious for our communities and places and know we need to get the basics right to help unlock the opportunities at our fingertips.

We have a shared vision and commitments for the borough short and longer-term. We have created an ambitious and robust set of plans to deal with financial, organisational and service challenges. This will improve the culture, governance and performance of the council and includes an emphasis on outcomes for children and young people. By including these in an overarching plan for Cheshire East, for the next four years, we are providing a clear purpose and strategic direction for the council. as well as showing residents and partners where we are heading. The plan is aligned to our Transformation Plan and the Medium-Term Financial Strategy (MTFS) having worked hard this year to reshape and resize the council's budget. We will use our resources to deliver our commitments.

We can be proud of the plans we have put in place and progress we have made. We need a continued focus on the priorities to deliver value for money, continuous improvement and better outcomes for Cheshire East.

We know that residents have high expectations of their council, but we cannot promise to deliver everything for everybody everywhere. We must work harder and smarter with our partners, businesses, residents, rural communities, and town & parish councils to find innovative and lasting solutions to unlock prosperity and improve wellbeing. We are committed to improving the way we communicate and connect with all our communities to enable this to happen.

Our relationship with community and voluntary organisations is critical – they play a key role, and we need to support and enable them to deliver for Cheshire East.

Our staff are our greatest asset. They are empowered to work with each other and partners. We want to be an employer of choice in Cheshire East where people are proud to work and serve our communities with a resident and outcome focus.

We are determined to tackle disadvantage and inequality, whether that is working towards reducing the overall gap in life expectancy in different parts of the borough with our health partners or improving access to public transport and digital connectivity in rural communities working with government, businesses and residents themselves.

We are committed to being an enabling council, building strong partnerships that unlocks the health and wealth potential of one of the UK's most prosperous boroughs ensuring wellbeing for all our adults, families and children.

Rob Polkinghorne	**Councillor Nick Mannion**	**Councillor Michael Gorman**
Chief Executive	**Leader of the Council**	**Deputy Leader of the Council**

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PLAN ON A PAGE – VISION AND COMMITMENTS

Enabling prosperity and wellbeing for all in Cheshire East

Committed to being an enabling council, building strong partnerships unlocking the health and wealth potential of Cheshire East, ensuring wellbeing for all adults, families and children.

Commitment 1: Unlocking prosperity for all	
1.1	Opportunities created for all communities across the borough working with our world-leading industries and local businesses
1.2	Child, family and adult poverty is reduced through a coordinated approach with partners
1.3	Education, skills and life-long learning leads to employment and roles in the community
1.4	Shared vision for Crewe delivers a masterplan for jobs, affordable homes and regeneration for the benefit of the whole borough
1.5	Communities connected through an improved, accessible rural and urban transport network including active travel
1.6	Carbon neutral council with minimum offset by 2030, influencing carbon reduction and green energy production across the borough by 2045

Commitment 2: Improving health and wellbeing	
2.1	Gap in health equalities is reduced across our diverse borough through a targeted approach
2.2	Improved independence, health and wellbeing through early intervention and prevention
2.3	Everyone feels safe and secure, difference is celebrated, and abuse and exploitation not tolerated
2.4	Children and young people thrive and reach their potential with targeted support when and where they need it
2.5	Communities build their capacity, with support to access information, guidance and funding
2.6	Lasting solutions are delivered through strong and committed partnerships

Commitment 3: An effective and enabling council	
3.1	Financially sustainable council, enabled by council-wide service transformation and improvement
3.2	Effective and responsive governance, compliance and evidence-based decision-making
3.3	Innovative solutions are developed through a culture of collaboration across the council and with residents, businesses and partners
3.4	Service delivery and new ideas are shaped by consultation and engagement
3.5	Contact with the council and access to services is consistent and easy
3.6	Service delivery and ways of working are improved through a digital first approach, while supporting residents who need it

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About Cheshire East

TO BE DEVELOPED - PAGE OF INFOGRAPHICS/IMAGES FOR EACH COMMITMENT

Examples only:

82 Councillors representing 52 wards

12 town councils, 90 parish or community councils and 4 parish meetings

12 towns with populations over 10,000

3,194 members of staff

Net budget of £375.7m (2024/25)

500+ services

Population of 412,500 (mid-year estimate of 2023)

92,800 of adults (22%) are over 65 (mid-year estimate of 2023)

5% of neighbourhoods are among England's 20% most income-deprived areas

14% of households are in England's most deprived for child poverty

12,826 residents (4.1%) aged 16 and above are veterans

Education attainment

Difference in life expectancy from most deprived area to least deprived is 8.8 years for men and 7.8 years for women

8 Care Communities providing health and care in partnership

Family Hubs supporting children, young people and families

Covers an area of 1,100km2

40,100 hectares of designated greed belt (34% of land)

53 hectares of trees planted

22 sites of Special Scientific Interest (SSI) (planning.gov data)

Carbon emissions reduced by over 15% / 60% of carbon neutral target achieved

19,275 businesses

Places of worship

Cheshire East is home to…

- Tatton Park
- Bentley
- Astra Zeneca
- Jodrell Bank
- Alderley Park
- Crewe Alexandra and Macclesfield Town football clubs
- Museums and heritage centres

ENABLING PROSPERITY AND WELLBEING FOR ALL IN CHESHIRE EAST

Committed to being an enabling council, building strong partnerships unlocking the health and wealth potential of Cheshire East, ensuring wellbeing for all adults, families and children.

COMMITMENT 1: UNLOCKING PROSPERITY FOR ALL

We want to build on our strengths and maximise the opportunities of our location and connectivity; our industry, commerce, agriculture and heritage; and work with our local businesses, education providers and communities to unlock the benefits for all, tackle disadvantage and drive improvements in health and wellbeing.

We need affordable and convenient transport for residents in our rural areas and towns; affordable homes in the right places, close to employment and services; and a workforce with the skills our businesses need. Devolution in Cheshire & Warrington, could bring further investment that would benefit residents and communities in all parts of our borough.

1.1 Opportunities created for all communities across the borough working with our world-leading industries and local businesses

1.2 Child, family and adult poverty is reduced through a coordinated approach with partners

1.3 Education, skills and life-long learning leads to employment and roles in the community

1.4 Shared vision for Crewe delivers a masterplan for jobs, affordable homes and regeneration for the benefit of the whole borough

1.5 Communities connected through an improved, accessible rural and urban transport network including active travel

1.6 Carbon neutral council with minimum offset by 2030, influencing carbon reduction and green energy production across the borough by 2045

Strategies and plans that support this commitment:

- Local Plan
- Cheshire East Rural Action Plan 2022-26
- Carbon Neutrality Action Plan
- Local Transport Plan (in development)
- Economic Growth Strategy (in development)
- Living Well in Crewe Report

COMMITMENT 2: IMPROVING HEALTH AND WELLBEING

Cheshire East is a great place for children, young people and adults. We want it to be an even better one, enabling people to live a healthier, longer life; with good mental, physical and financial wellbeing; living independently; feeling safe and enjoying the place where they live.

We want children to flourish within their family environment, achieving their goals, and for the children and young people we care for to reach their full potential. Being a good partner will be critical to deliver long-lasting solutions and better outcomes.

2.1 Gap in health equalities is reduced across our diverse borough through a targeted approach

2.2 Improved independence, health and wellbeing through early intervention and prevention

2.3 Everyone feels safe and secure, difference is celebrated, and abuse and exploitation not tolerated

2.4 Children and young people thrive and reach their potential with targeted support when and where they need it

2.5 Communities build their capacity, with support to access information, guidance and funding

2.6 Lasting solutions are delivered through strong and committed partnerships

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Strategies and plans that support this commitment:

- The Joint Local Health and Wellbeing Strategy for the population of Cheshire East 2023-2028
- Cheshire East Council Live Well for Longer Plan 2022-2027
- All Together Fairer | Champs Public Health Collaborative
- Our Health and Care Partnership Plan 2024-29
- SEND Strategy 2021-2025
- DSG Management Plan 2023-24 to 2027-28
- Cared for Children and Care Leavers Strategy 2022-2026
- Together for Children and Young People
- Early Help Strategy 2024-26 (in development)
- Children's Services Improvement Plan
- Enforcement Policy
- Safer Cheshire East Partnership Plan 2022-25

COMMITMENT 3: AN EFFECTIVE AND ENABLING COUNCIL

We are addressing our challenges with a focus on delivering value for money, continuous improvement and better outcomes for Cheshire East's residents. We recognise that acting with integrity builds trust, enabling collaboration to deliver our shared ambitions.

We need to become a smaller, more focused organisation that ensures every pound we spend delivers value for our communities. We will design services with our residents, communities and partners to deliver more joined-up, efficient and impactful solutions, and a consistent experience no matter what service or support you need from us.

3.1 Financially sustainable council, enabled by council-wide service transformation and improvement

3.2 Effective and responsive governance, compliance and evidence-based decision-making

3.3 Innovative solutions are developed through a culture of collaboration across the council and with residents, businesses and partners

3.4 Service delivery and new ideas are shaped by consultation and engagement

3.5 Contact with the council and access to services is consistent and easy

3.6 Service delivery and ways of working are improved through a digital first approach, while supporting residents who need it

Strategies and plans that support this commitment:

- Medium Term Financial Strategy 2025-29
- Transformation Plan
- Corporate Peer Challenge Action Plan
- Children's Services Improvement Plan
- Equality, Diversity and Inclusion Strategy 2021-25
- Digital Inclusion Plan 2023 – 2026
- People Strategy (in development)
- Customer Experience Strategy (in development)

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HOW WE WORK

As part of the Transformation Plan, conversations with staff and Members have shaped our aspirations for the council we want to be and how we work. This will help us improve our culture and processes, systems and structures, underpinning the delivery of the Cheshire East Plan 2025-29.

How we work - our aspirations		
Collaborate and Enable Success	**Innovate with Evidence-Based Decisions**	**Uphold Professionalism and Build Trust**
We **collaborate** with our residents, businesses, partners and each other to develop solutions that align with the needs and aspirations of our residents and communities. Together, we foster impactful partnerships. We are an **enabling** organisation, working alongside our partners to deliver services that achieve the best possible outcomes.	We stay at the forefront of **innovation** by using research and data-driven insights. We apply evidence-based solutions. We encourage creative thinking and leverage new technologies to tackle emerging challenges. We focus on **outcomes**, continuously improving to ensure that our solutions and decisions deliver positive, tangible results.	We act with **integrity**, professionalism, and transparency in everything we do, building trust by delivering services that meet the expectations of our stakeholders. We **empower** our staff through professional development and recognition, fostering a values-driven environment for success.

HOW WE WILL REPORT ON PROGRESS

A delivery plan will be created for the Cheshire East Plan 2025-29. Progress will be reported regularly to Corporate Policy Committee – at least quarterly - with an annual review.

Creating the delivery plan will involve working together with Members, staff, partners and residents. It will include a prioritised range of existing and some new activities and projects as well as measures that will show we are making progress and improving our performance.

A new approach to engagement and collaboration with strong partnerships will be essential in achieving the commitments in the plan. The council will be launching a series of Community Conversations, enabling residents and partners to tell us when we are getting things right and areas we need to work on, coming together to find the right solutions. We will use our resources to deliver the commitments, investing in things that will make a difference.

The Cheshire East Plan and its delivery plan are part of a new council-wide Performance Management Framework. The framework will inform decision-making, ensure accountability, transparency and enable robust internal and external scrutiny. It will set out the strategies, policies, service plans and key performance indicators, and inform personal development plans (PDRs) for all staff. What this means is residents and partners can easily see how we are doing and hold the council to account for its performance in delivering against the commitments in the plan.

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OPEN

CORPORATE POLICY COMMITTEE

6 February 2025

Supporting Effective Engagement:

Cheshire and Warrington Devolution

Report of: Philip Cresswell**,** Executive Director of Place

Report Reference No: CPC/55/24-25

Ward(s) Affected: All

For Decision or Scrutiny: Decision

Purpose of Report

1 To ensure that Cheshire East Council can effectively provide appropriate advice and guidance to officers and maximise its' position within the subregion in the development of a potential devolution agreement for Cheshire and Warrington.

2 This report covers two key issues:

- The report proposes that the membership of the Cheshire East Member Reference Group for devolution is expanded to broaden the advice and guidance given to officers.
- The report also notes the request from the Cheshire and Warrington Joint Committee that the arrangements for the Chair continue for a further year and that Cheshire East maintains its position as Vice Chair for a further year to ensure continuity of capacity whilst the work to develop a potential devolution agreement is developed and a request is therefore made for the terms of reference of the Joint Committee to be amended accordingly.

Executive Summary

3 In December 2024, the Government published its Devolution White Paper, and it is expected that the English Devolution Bill will pass through Parliament in 2025/26. The Government is expected to announce details of a Devolution Priority Programme for those areas wishing to proceed as soon as possible, and Council Leaders and Deputy Leaders from Cheshire and Warrington have expressed an interest in being included in the Programme. If confirmed, this will require a broad and significant programme - which we will need to ensure has effective engagement and involvement from Members.

4 It is important that all relevant Groups and Committees form part of the advice and guidance officers receive as the work around devolution is developed. It should be noted that, as well as the Member Reference Group, a Member engagement programme has been developed and will be implemented over the coming weeks.

5 Given the anticipated pace and complexity of the programme to May 2026 it would be helpful to maintain consistency in a number of areas, including extending the rotation of the current subregional lead local authority and Chair of the Joint Committee (Cheshire West and Chester Council) - with Cheshire East Council as Vice Chair - for a further 12 months to May 2026, before rotating the Chair to Cheshire East Council (and Warrington Borough Council as Vice Chair) and to recommence rotations on a two year basis. The terms of reference of the Joint Committee are attached at Appendix 1 and the proposed amendments are set out in red.

RECOMMENDATIONS

The Corporate Policy Committee agrees to recommended to Full Council that:

1. The Council approves the expansion of the membership of Member Reference Group (MRG) to include the Deputy Leader of the Conservative Group. This will increase its membership to seven.

2. To approve the Deputy Leader of the Liberal Democrat Group to attend as a substitute to the MRG, in the event that the Leader of the Group cannot.

3. That the MRG continues to provide guidance and advice towards identifying a devolution proposal for Cheshire and Warrington, enabling officers to further progress opportunities and discussions with government officials.

4. Authority be delegated to the MRG, to make any further amendments to its membership, such amendments to be approved by a majority of the members of the MRG.

5. The Terms of Reference for the Cheshire and Warrington Joint Committee be amended to extend the rotation of the current Chair (Cheshire West and Chester Council) for a further 12 months to May 2026 and amend accordingly the dates for the following rotations by the same period, including the Vice Chair, as set out in the attached Appendix 1.

Background

Member Reference Group

6. On 21st August 2024, the Corporate Policy Committee considered an update report on devolution and noted that the government was seeking to move the devolution principle at a pace. Therefore, to ensure members were able to provide appropriate advice and guidance to officers, to assist their efforts in establishing the basis of a detailed proposal for discussion and debate with government, Committee authorised the formation of a Member Reference Group (MRG)

7. The MRG was formed of six members. The Membership approved was:
    - Leader of the Council
    - Deputy Leader of the Council
    - Leader of the opposition – Conservative Group
    - Leader of Liberal Democrats
    - Vice Chair of Economy and Growth Committee.
    - Chair of Highways and Transport Committee.

8. The MRG has an advisory role, with no decision-making powers. The Group meets monthly, and so far has met on 5 occasions – August 2024, September 2024, November 2024, December 2024, and most recently on 23rd January 2025. Terms of reference were considered and approved by the Group in August 2024.

9. Further to the publication by Government of the English Devolution White Paper in late December 2024, the MRG has recognised the need for continued pace and priority in discussions with Government, and as a consequence consider it would be beneficial to expand the membership to broaden the advice and guidance to officers.

10. Accordingly, officers consider that the expansion of the MRG by one representative to seven members would be appropriate, with a structure as follows:

- Leader of the Council
- Deputy Leader of the Council
- Vice Chair of Economy and Growth Committee.
- Chair of Highways and Transport Committee
- Leader of the opposition – Leader of the Conservative Group
- Deputy Leader of the Conservative Group
- Leader or Deputy Leader of Liberal Democrats

Cheshire and Warrington Joint Committee

11 Further to this Council's agreement on 11th December 2024 to enable the Cheshire and Warrington Joint Committee to provide effective strategic leadership in the development of any devolution proposition for Cheshire and Warrington, the details of the Government Devolution White Paper have been published.

12 The Devolution Priority Programme was confirmed within the White Paper, with Council Leaders and Deputy Leaders from Cheshire and Warrington expressing an interest in being included in the Programme.

13 Given the anticipated pace and complexity of the programme to May 2026 it would be helpful to maintain consistency in a number of areas, including extending the rotation of the current subregional lead local authority and Chair /Vice Chair of the Joint Committee.

14 It should be noted that the Chair function also includes that Council supporting the running of subregional arrangements. It is therefore felt that maintaining consistency for a further 12 months whilst work progresses to explore devolution is the preferred approach.

15 The proposal therefore is to amend the current terms of reference by extending the rotation of the current Chair (Cheshire West and Chester Council) for a further 12 months to May 2026, together with Cheshire East Council as Vice Chair - for a further 12 months to May 2026, before rotating the Chair to Cheshire East Council (and Warrington Borough Council as Vice Chair) and to recommence rotations on a two year basis.

16 The terms of reference of the Joint Committee are attached at Appendix 1 and the proposed amendments are set out in red.

Consultation and Engagement

17 Cheshire East Council has reported updates to its Corporate Policy Committee on 13th June 2024 and 21st August 2024, and on 30th August 2024, set up a small cross party Member Reference Group which has subsequently met on five occasions to discuss key issues and progress.

18 All Member Briefings relating to sub regional working and the wider Devolution debate have been held on 5th December 2024 and the 7th January 2025.

19 Engagement is continuing with the Cheshire and Warrington Leaders Board (including representatives from the voluntary and community sector, health, fire and police) as well as the Cheshire and Warrington Business Advisory Board (representing the private sector and business representative organisations such as the Chambers of Commerce).

20 Engagement has also been held with all local MPs.

21 A comprehensive communications and engagement plan will be developed to ensure that stakeholders, business and residents are fully engaged in exploring the impacts of devolution.

22 A statutory consultation with residents and businesses across Chesire and Warrington will form part of any decision-making process, separate reports will come forward once available.

Reasons for Recommendations

23 The Member Reference Group has recognised the need for continued pace and priority in discussions with Government, and as a consequence consider it would be beneficial to expand the membership to broaden the advice and guidance to officers.

24 Maintaining consistency across subregional arrangements for a further year whilst the three Councils of Cheshire East, Cheshire West and Chester and Warrington work together to understand and assess the implications of devolution for Cheshire and Warrington will support effective decision-making by the three Councils, as well as mitigating a number of risks through effective resourcing.

Other Options Considered

25 No further options were considered and reasons for recommendations are clarified above.

Implications and Comments

Monitoring Officer/Legal

26 The Terms of Reference for the Joint Committee and the relevant delegations within them have previously been formally approved by each respective Council. It is appropriate therefore that the same request is made of each and each approves them. All three Council’s will need to approve the amendments requested for them to take effect.

27 Any steps to create a strategic/combined authority will be subject to separate legal obligations and such a step would need to be authorised by Full Council approval for each authority in due course, if such proposals are brought forward.

Section 151 Officer/Finance

28 There are no financial implications as a consequence of this report, as relating to the Terms of Reference of the Joint Committee. Any financial implications relating to potential devolution will be reported and considered at a later time, to respective councils and the Joint Committee.

Policy

An open and enabling organisation *Ensure there is transparency in our decision making*	A thriving and sustainable place *A great place for people to live, work and visit* *Thriving urban and rural economies*

Equality, Diversity and Inclusion

29 There are no direct equality implications as a result of this report.

Human Resources

30 There are no direct HR implications as a result of this report.

Risk Management

31 A full risk register will be established if the decision is taken to move towards devolution.

Rural Communities

32 There are no direct implications for rural communities.

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

33 There are no direct implications for children and young people as a result of this report.

Public Health

34 There are no direct public health implications.

Climate Change

35 There are no direct climate change implications as a result of this report.

Access to Information	
Contact Officer(s):	Janet Witkowski, Acting Governance, Compliance and Monitoring Officer. Phil Cresswell, Executive Director for Place . Philip.cresswell@cheshireeast.gov.uk or Janet.witkowski@cheshireeast.gov.uk
Appendices:	Appendix 1 – Report to the Joint Committee
Background Papers:	Reports to Corporate Policy Committee; • 13 February 2024 • 3 June 2024 • 21 August 2024 Report to Full Council : • 11 December 2024

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Revised November 2024

CHESHIRE AND WARRINGTON JOINT COMMITTEE TERMS OF REFERENCE

1. Cheshire East Council, Cheshire West and Chester Council and Warrington Council have established an Executive Joint Committee known as the Cheshire and Warrington Joint Committee (‘the Committee”) for the purpose of discharging the functions mentioned in Annex A. The Councils are enabled to set up Joint Committees under Part VI of the Local Government Act 1972 and Part I Chapter 2 of the Local Government Act 2000.

2. Each Council is entitled to appoint one voting member in respect of the business to be carried out in Part One of Appendix A (Subscriber Members), and one further voting member in respect of the business to be carried out in Part Two of Appendix A (Joint Committee Members). In the event of a voting member of the Committee ceasing to be a member of the Council which appointed him/her, the Council shall forthwith appoint another voting member in his/her place. Only a voting member is entitled to be elected as Chair or Vice-Chair of the Committee.

3. Each Council may appoint members as substitute for the members appointed under (i) above to attend meetings of the Committee in the absence for any reason of the members appointed under (i) above, in accordance with their own constitutional requirements. The substitute members shall be treated in all respects if they were appointed under (i) above.

4. The Chair of the Business Advisory Board (‘BAB’) shall be an ex officio member of the Committee and may speak at meetings of the Committee but not vote. The Chair of the Business Advisory Board may present reports to the Committee from the BAB.

5. The Committee shall maintain a two-year rolling Chair and Vice-Chair from among the Subscriber Members. The Chair will rotate every two years in the following order CWaC (until May 2026), CEC (until May 202-87) WBC (until May 2030) and shall continue in that rotation. The Vice-Chair shall be from CEC (until May 2026) and to shall rotate in the same order as the chairmanship every two years.

6. Three voting members of the Committee shall constitute a quorum for the business set out in Part One of Appendix A. Four voting members shall constitute a quorum for the business set out in Part Two of Appendix A. Except as otherwise provided by statute, all questions shall be decided by a majority of

the votes of the voting members present, the Chair having the casting vote in addition to his/her vote as a member of the Committee.

7. The Committee shall meet as agreed at its AGM and at least three times each year. However, a meeting of the Committee may be convened at any time by the Committee Clerk in consultation with the Chair. A meeting of the Committee must also be convened by the Chair within 28 days of the receipt of a requisition of any two Subscriber Members of the Committee addressed to the Committee Clerk. The Chair of the Board may request a meeting of the Committee by notice in writing addressed to the Committee Clerk, but may not requisition one. All requisitions shall be in writing and no business other than that specified in the requisition shall be transacted at such a meeting.

8. The Committee shall adopt the standing orders of Cheshire East Council but it may agree to vary these and from time to time make such standing orders for the carrying on of the business of the Committee as the Committee shall deem necessary and or desirable.

9. For the avoidance of doubt and subject to there being no changes to the law on this issue, where a Council is operating executive arrangements pursuant to the Local Government Act 2000 (and any regulations made under it), it will be a matter for the Executive of the Council to appoint any voting member, or substitute member of the Committee as long as that member is a member of the appointing Councils Cabinet. Where a Council is operating committee system arrangements pursuant to the Local Government Act 2000, it will be a matter for the Council to appoint any voting member and substitute member to the Joint Committee.

10. The Committee shall from time to time appoint such sub-committees to consider and deal with any of the functions of the Committee as may be thought desirable.

11. The Committee Clerk and such other officers as may be deemed necessary for the due conduct of the business of the Committee shall be provided by Cheshire East Council and the costs of this shall be met by the Council-owned company (*Enterprise Cheshire and Warrington – NB: name subject to Member approval).*

12. The first meeting of the Committee shall be held at Cheshire East Council and the venue shall then rotate between the Councils in alphabetical order, unless otherwise directed by the Committee.

13. As and when required by an Overview and Scrutiny Committee or other Committee or an Audit Committee of any of the Councils, the Subscriber Member for the Council whose Overview and Scrutiny Committee or Committee or Audit Committee has instigated an investigation shall take the lead responsibility for accounting for the activities of the Committee to the Overview and Scrutiny Committee or Committee or Audit Committee and shall attend such meetings of those committees of its Council as necessary, and no other member of the Committee shall be required to attend.

14. The Committee Clerk shall:
    a. Be responsible for preparing the agenda and submitting reports prepared by either the Councils or other bodies to the Committee and minutes of the Committee.
    b. Be responsible for making arrangements for publishing in accordance with Access to Information requirements all meetings, agenda, agenda items and minutes as appropriate.

15. The relevant Standing Orders for the Committee are those of Cheshire East Council.

16. In the event that an urgent decision is needed for the discharge of any of the functions of this Committee, other than those functions which by law can be discharged only by the Councils or a specific Committee, then the Growth Director of each Council is entitled to act on behalf of the Committee. A decision will be urgent where any delay would seriously prejudice the legal or financial position of the Councils or the interests of residents. This delegation is subject to the conditions that any urgent action:-
    (a) should be reported to the Committee
    (b) shall take the advice of the Monitoring Officer and S151 officer of each Council
    (c) shall be exercised in consultation with the three Subscriber members of the Committee
    (d) shall be exercised within each Councils own financial and other constitutional requirements

Appendix A – Terms of Reference

Part One - Shareholder Functions of the Committee

1. To approve the business plan and budget of LEPCo/Enterprise Cheshire and Warrington (ECW)[1] and any required variations
2. Ensuring that LEPCo/ ECW deliver against their business plan and budget, holding them to account for such delivery and directing the LEPCO/ECW Board to take remedial action where necessary;
3. To appoint directors to the LEPCo/ECW Board
4. To approve any capital expenditure to be made in excess of £100k unless agreed under the business plan
5. To approve the entering into of any lease or licence for the occupation of land or premises
6. To approve the appointment of members of LEPCo/ECW management team
7. To approve the entering into of any contract in excess of £100k unless agreed under the Business Plan
8. To approve the entering into or giving of any loan, guarantee, surety or indemnity by LEPCo/ECW other than the giving of grant by LEPCo/ECW as part of its business plan
9. To approve the opening or closing of any bank account by the Company
10. To approve any changes to the Articles of Association of the Company
11. To approve any staffing or other material policy changes or new policies to be implemented

Part Two - Other Functions of the Committee

1. To receive reports from the Business Advisory Board, any Sub Committee of the Joint Committee and the Growth Directors (management) Group.
2. Any time review and agree proposed changes to the Functions of the Committee and seek approval of the same from the three Councils.
3. To agree and approve any proposed governance and or reporting structure that the Committee sees fit.
4. To act as a sub-regional strategic body, using Government funding for strategic economic development across Cheshire and Warrington, setting and reviewing objectives and approving related budgets, including;
    a. providing a coherent single position on major strategic issues;
    b. agreeing major economic priorities across Cheshire and Warrington;

[1] Name subject to Member approval

c. considering recommendations made by any Sub Committee, the Business Advisory Board or Growth Directors (management) Group;
d. agreeing Lead and/or Accountable Body status for LEPCo/ECW and any projects undertaken;
e. influence and align government investment in order to boost economic growth across Cheshire & Warrington;
f. having regard to the duty to cooperate and the Joint Committee’s overall function as set out above;
g. ensuring alignment between decision making on areas of policy such as land use, transportation, economic development and wider regeneration;
h. co-ordinating and aligning decision making on transport across Cheshire and Warrington, ensuring that business views are taken on board and that the Councils’ adopted plans are reflected in strategic priorities;
i. deciding on revenue and capital expenditure programmes which are delivered across Cheshire & Warrington using Government funding for strategic economic development in the sub-region, including ensuring that policy and programmes are delivered effectively through LEPCo/ECW
j. providing strategic direction and oversight across potential devolution for Cheshire and Warrington.

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Cheshire East Council

Corporate Policy Committee

06 February 2025

UKSPF Transition Year 25/26

Report of: Philip Creswell, Executive Director - Place

Report Reference No: CP/51/24-25

Wards Affected: All wards.

For Decision or Scrutiny: Decision

Purpose of Report

1 This report concerns the allocation of an additional year of funding under the UK Shared Prosperity Fund (UKSPF) for 25/26 confirmed on Dec 13th 2024.

2 The separate MTFS report on this meeting's agenda seeks a decision to accept that UKSPF allocation and to make associated changes to the MTFS.

3 This report provides detail on the UKSPF allocation and is primarily concerned with agreeing that the allocation should be split between the UKSPF investment priorities in the same proportions as in the approved Cheshire East UKSPF Investment Plan, approving allocations to allow the continuation of two current ongoing interventions already supported by UKSPF, and ensuring delegations are put in place to allow distribution of all remaining funds and agile fund management.

Executive Summary

4 Over the last three financial years, the Council received £11,585,762 of Core UKSPF. On 13th December 2024 the UK government confirmed further Core UKSPF allocations to be awarded to lead authorities in 25/26 as a 'transition' year, until an alternative funding framework is established. The Council as lead authority for Cheshire East is due to receive an additional £3,790,237 Core UKSPF for that transition year. No announcement has yet been made regarding the separately allocated Rural England Prosperity Fund.

5 As with the initial three-year UKSPF, there is flexibility in the use of the transition year funding within fund parameters. The funding must be used for initiatives within defined priority areas of Communities and Place, Supporting Local Business, and People and Skills.

6 The initial three-year UKSPF allocation has been challenging to manage with multiple uncertainties around annual allocations, treatment of underspend and involvement of multiple agencies. With a single year to allocate and spend the additional funding, there is a need to swiftly agree how the funding should be utilised and to put in place arrangement to allow effective fund management to continue.

7 Two ongoing projects, already in receipt of UKSPF, have been identified by officers as needing continued funding in 25/26 and approval is sought to agree part of the UKSPF allocation is awarded to those initiatives.

8 For the remainder (majority) of the funding, Committee is asked to agree how it should be divided between the three UKSPF Investment Priorities of Community and Place, Supporting Local Business and People and Skills.

9 Committee is then asked to grant delegations to officer level to allow allocations to be made to individual projects or interventions within those broad Investment Priority allocations, and to allow all other necessary actions to be taken to ensure effective fund management.

RECOMMENDATIONS

That Corporate Policy Committee:

1. Approve the split of the UKSPF 25/26 allocation as follows: £151,067 for Fund Management and Administration, £1,771,000 for Communities and Place Initiatives, £1,302,000 for Supporting Local Business Initiatives and £566,170 for People and Skills Interventions.

2. Approve the use of £566,170 of the People and Skills allocation for the continuation of employment support for economically inactive people, and the use of £500,000 of the Communities and Place allocation for the continuation of Macclesfield Market Refurbishment , such allocations to be embedded into the MTFS.

3. Delegate authority to the Director of Growth & Enterprise to manage the Cheshire East UKSPF programme, taking all necessary actions in the interests of maximising the impacts of the fund aligned to the fund parameters and local priorities, including but not limited to allocation of remaining funds to specific interventions, and reallocation of funds and movement of revenue funds to capital if required.

Background

UKSPF 2022-2025

10 The UKSPF was launched on 13th April 2022, initially, as a three-year fund, allocated to lead local authorities, including Cheshire East Council to manage on behalf of their local area. There are currently three elements to UKSPF: SPF Core, Rural England Prosperity Fund and Multiply.

11 Cheshire East was awarded £11,585,762 of Core UKSPF over the three financial years from April 2022. Authorities in receipt of the Core UKSPF had some flexibility to use the fund for a variety of interventions aligned to set UK government investment priorities and specified intervention types. The Council was required to develop and have approved by UK government, an Investment Plan setting out the types of interventions to be supported locally by UKSPF. When developing the Investment Plans, Councils were asked to work with a diverse range of local and regional stakeholders within a Local Partnership Group.

12 After the establishment of a Local Partnership Group and engagement with its members, the Cheshire East core UKSPF Investment Plan was drafted and then approved by the Chief Executive in August 2022 utilising specific delegated authority granted by Council.[1]

13 The Cheshire East UKSPF Core Investment Plan split the 2022-2025 allocation across the three in-scope Investment Priorities in the ratio set out below:

Communities and Place 48.66%
Supporting Local Business 35.78%
People and Skills 15.56%

The Investment Plan then further split this funding into various types of interventions to be supported, but generally stopped short of allocating funds to specific interventions or projects.

14 The UKSPF has been a challenging fund to manage for a variety of reasons. Late confirmation of annual funding allocations, lack of clarity over arrangements for end of year underspends, and requirements to engage with multiple stakeholders led to many initiatives having a delayed start. The current 24/25 allocations are required to be spent in year and any unspent funds cannot be rolled over into 25/26, contrasting with other funds where more flexibility over spend has been allowed. Such inflexibility poses challenges to the delivery of many initiatives, but officers are working hard to ensure ongoing projects are

[1] The Cheshire East UKSPF Investment Plan can be viewed on the Councils website

supported to ensure maximum uptake of funds and delivery of anticipated outputs.

25/26 UKSPF Transition Year

15 On 13th December 2024 the UK government confirmed that Cheshire East will receive an additional year of UKSPF funding of £3,790,237 in 25/26. A minimum of £699,797 of this allocation must be used as capital, but there is scope to utilise part of the revenue to boost the capital spend.

16 The aim of this additional UKSPF ‘transition’ year is to provide a smooth transition from the existing UKSPF programme to a new, yet to be confirmed, future funding framework. No separate multiply allocation is to be made for the transition year, but the allocation can be used to fund adult numeracy support alongside the wider suite of people and skills related activities. No announcement has yet been made regarding the separately allocated Rural England Prosperity Fund. MHCLG are working closely with the Department for Environment Food and Rural Affairs and officers have been working with MHCLG and are awaiting an update.

17 In the 25/26 transition year Cheshire East will continue to have some flexibility to invest across a range of activities that represent the right solutions for their areas under the same three Investment Priorities. The number of UKSPF intervention types allowable within those priority areas have been refreshed and simplified in line with government’s missions[2]. In scope for 25/26 are interventions to: develop the visitor economy; improve high streets and town centres; provide advice and support to business, enterprise culture and start-ups; support for business sites and premises; supporting people to progress towards and into sustained employment; providing support for young people who are at risk of becoming NEET[3]; and providing for essential skills and employment related skills.

18 As with previous years the transition year UKSPF allocation can be used for supporting interventions via grants to public or private organisations; commissioning third party organisations; procurement of service provision; or in-house provision. Also, as with previous years, no match funding is required to unlock an area’s allocation.

[2] Missions: Kickstart Economic Growth; Break down Barriers to Opportunity; Make Britain a clean energy superpower; Take back our Streets; Build an NHS fit for the future
[3] NEET: Not in Education, Employment or Training

19 In the transition year there is strong encouragement to continue engagement with and to seek support from local partners.

25/26 Intervention Selection

20 Given lessons learnt managing the programme to date, it is critical in this transition year that interventions to be supported are agreed as quickly as possible to enable contracts to be extended or put in place and spend to commence immediately in the new financial year with confidence that all projects supported will be delivered in a single financial year.

21 To undertake an external call out for projects and then fairly and transparently assess those on a competitive basis takes considerable resource and time. It is considered impractical to repeat the kind of external call out for intervention proposals which occurred for the initial three-year programme, assess submissions on a competitive basis and then allocate funds and expect delivery, all within a twelve-month period. A more streamlined approach is necessary to mitigate risk of underspend.

22 To ensure broad alignment with the priorities set in the existing approved UKSPF Investment Plan, the initial recommended split of the allocation is set out below.

Investment Priority	**Allocation for UKSPF** **£**	**Share of UKSPF allocation (percentages rounded)**
Management and Administration	151,067	4%
Communities and Place	1,771,000	47%*
Supporting Local Business	1,302,000	34%*
People and Skills	566,170	15%*
Total	3,790,237	

**Percentage variation from initial Investment Plan accounts for 4% admin and management fee being included in split initially and top sliced for transition year figures.*

23 To ensure alignment with the priorities agreed in the approved Investment Plan it is proposed to keep the same proportional division of funds across the 3 priority areas in 25/26. Committee is recommended to support this.

24 Consideration has been given by officers to ongoing UKSPF initiatives which are felt to justify initial and urgent award of funding. Two initiatives have been identified falling into this category, these are

continuation of employment support for economically inactive people and the continuation of Macclesfield Market Refurbishment. These projects are ongoing with existing contracts that will require extension in a short timeframe to allow work to continue. To stop these interventions on 31 March 2025 is likely to be problematic and it is felt that there are strong cases that they continue to receive UKSPF into 25/26. These two interventions would require £566,170 revenue and £500,000 capital respectively.

25 Setting aside a Management and Administration allocation (4%) and allowing for the funds recommended for the two identified specific projects, this would leave £1,271,000 of funds to be allocated for interventions falling within scope of the Communities and Place Priority and £1,302,000 for interventions falling within scope of the Supporting Local Business Priority.

26 It is vital in a one-year fund that officers have the ability to manage the funding in an agile manner. Significant delegations were in place to allow officer management of the original UKSPF fund to individual interventions, but these delegations related to a three-year fund only and will not apply for this new transition year funding.

27 Committee approval is therefore sought to delegate authority to officer level to allow, once again, all necessary actions to ensure effective fund management. This would cover but not be limited to:

- Consultation with the Local Partnership Group on initiatives to be supported by UKSPF
- Allocation of all remaining unallocated funds to specific interventions
- Movement of revenue funds to capital projects
- Reallocation of unspent funds
- Agreeing changes to the funding split between intervention priorities

Consultation and Engagement

28 As part of the development of the initial UKSPF Investment Plan Stakeholders were engaged to capture ideas and suggestions of where support could provide most impact. Interventions to be supported would be aligned to the Investment Priorities agreed in the approved Investment Plan. No external call out for new project ideas is envisaged given the limited timeframe for spend in the transition year.

Reasons for Recommendations

29 The division of 25/26 UKSPF between the three in-scope Investment Priorities is recommended to ensure alignment with the CEC UKSPF Investment Plan developed with the Local Partnership Group

30 Approval of specific allocations at this stage for both continuation of ongoing employment support for economically inactive people, and to allow the continuation of the Macclesfield Market Refurbishment Project is recommended to enable continued, uninterrupted delivery of these projects, use of existing contracts and to avoid delays, risk of non-delivery and reputational damage.

31 Delegation to officer level for management of this fund is considered essential to allow effective fund management. The management of this fund over the past three years has demanded an agile response from officers with multiple decisions required under delegated powers.

Other Options Considered

32 Dividing the transition year allocation between the three in-scope Investment Priorities in different proportions to those in the approved Investment Plan has been considered but given that the Investment Plan was developed with input from the Local Partnership Group, this is considered unwise without further extensive stakeholder engagement which would take time and delay spend.

33 Not agreeing any interventions to be supported at this stage has been considered but the two interventions identified for receipt of funds at this stage need certainty whether they can continue into the next financial year. Contracts need to be extended to allow this to happen and any delay could result in loss of continuity with ongoing initiatives, with likely reputational risk to the Council.

34 Not seeking delegated authority has been considered but experience gained in managing the first three years of UKSPF has highlighted that effective officer delegation is vital to effective management of this kind of fund. Without this delegation, there is a significantly increased risk of underspend and funds having to be passed back to UK government with reduced outputs and outcomes for residents and business in Cheshire East.

35 The option of launching an external call out for projects for all or remaining funding has been considered as occurred for the original three-year fund. This process took several months and involved the appointment of external specialist resource, development of proformas, launch of call out, period for project formulation and submission and assessment of submissions, together with further delegated decisions.

Given that the newly confirmed funding is only available for a single year, to embark on a similar route would significantly reduce the period for delivery and significantly increase the risk of underspend.

Implications and Comments

Monitoring Officer/Legal

36 Legal Services will continue to support in terms of addressing any issues arising out of management the Cheshire East UKSPF programme and more particularly reviewing the terms and conditions of any funding allocated to third parties. It should be noted that when the Council so allocates UKSPF funding to third parties, it will act as the "accountable body" in relation to any given project. In addition to reporting and monitoring responsibilities, a detailed assessment will need to be made about whether any intended activity constitutes a subsidy to potential recipients of the funding, and any specific measures that will be taken to make sure the subsidy is permitted in accordance with Government guidance on subsidy control.

Section 151 Officer/Finance

37 The 2025/26 allocation has been confirmed by MHCLG as £3,790,237 with a minimum £700,000 to be utilised as capital. The allocations have been calculated centrally using set formula. There is the flexibility within the fund parameters to spend more on capital interventions should that be deemed necessary.

38 Up to 4% of the allocation can be used to cover the management and administration of the fund. This will allow the Authority to recover the costs incurred to manage and administer what can be a complex and time-consuming fund.

39 As this is a one-year transition allocation, all spend needs to be completed in the 2025/26 financial year. Therefore, it is imperative that the projects are identified and mobilised in advance to allow spend to commence on 1 April 2025. As this point we do not envisage being able to carry forward unspent funding into 2026/27 and beyond. This is consistent with the 2022/25 programme where any underspend at March 2025 need to be returned to government.

40 The management of the fund necessitates a level of agility and flexibility to make swift decisions and reallocate underspends in a timely manner so as to maximise the benefit to Cheshire East and its residents.

41 The decision endorses allocations to two existing projects, thereby allowing continuity and the ability to plan and contract for activity

beyond 31 March 2025. Further allocations to successful projects would be determined by the Director of Growth and Enterprise.

42 Given the value of the allocation, it is noted that the decision is dependent upon the approval and acceptance of the allocation as included in the MTFS for 2025/26 that will be considered separately by Corporate Policy Committee with a further recommendation to Full Council.

43 There is no requirement for match funding.

44 It has not yet been confirmed how the funding will be drawn down. An updated Memorandum of Understanding, and grant determination letter, including a payment schedule is due to be received at the start of the 2025/26 financial year.

Policy

46 All three Investment Priorities which can be supported utilising UKSPF align to the Council Plan as summarised below.

UKSPF Investment Priority	**Council Priorities likely to be Supported**
Communities and Place Initiatives	P3.1 A great place for people to live, work and visit. P3.5 Thriving urban & rural economies with opportunities for all. P1.4 Look at opportunities to bring more income into the borough P2.2 Reduce health inequalities across the borough
People and Skills Initiatives	P2.1 Work together with residents and partners to support people and communities to be strong and resilient. P2.2 Reduce health inequalities across the borough. P2.6 Increase opportunities for all children and young adults with additional needs. P2.8 Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services
Supporting Local Business Priorities	P3.5 Thriving urban and rural economies with opportunities for all.

Equality, Diversity and Inclusion

47 The UKSPF Programme does not have an Equality Impact Assessment (EIA). Some interventions already will have or will need individual EIAs, which will picked up as funds are awarded to individual projects.

Human Resources

48 A UKSPF Programme Manager was appointed on a temporary contract to manage the Core UKSPF. This resource is vital to ensure effective fund management, and it is intended to extend this temporary role to enable continuity. The Head of Economic Development will be working

closely with HR on any review of the current Job Description and contracts to minimise financial/HR risks. The authority can use up to 4% of their allocation to undertake necessary fund administration and this will cover the cost of that post. Other officers will also be involved in management of the fund or delivery of individual projects as occurs currently and the 4% may be utilised to support this resource.

Risk Management

49 A detailed risk register exists for the current UKSPF Programme. This will be maintained into the transition year of the fund and will be reviewed regularly as a key aspect of governance controls.

50 Risk of non-delivery and underspend will be heavily weighted in selecting interventions. Requested delegations are essential to enable swift decision making and mitigate risk of underspend.

Rural Communities

51 Interventions are not restricted to specific geographies or urban areas and there will be scope to support rural communities.

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

52 Some interventions are likely to support working age young people with additional needs for example the employment support for economically inactive people. It is expected that additional initiatives will support these groups such as via community grants funded by UKSPF.

Public Health

53 There is clear potential for projects funded using the UKSPF to support residents to live healthier lifestyles. It is expected that additional initiatives will support these groups such as via community grants funded by UKSPF.

Climate Change

54 There are opportunities to help tackle the climate change emergency through a range of interventions recommended and this will be considered a key priority informing how interventions are designed and delivered.

Access to Information	
Contact Officer:	Charles Jarvis, Head of Economic Development charles.jarvis@cheshireeast.gov.uk
Background Papers:	UK Shared Prosperity Fund: prospectus - GOV.UK (www.gov.uk) Cheshire East UKSPF Investment Plan Report to Corporate Policy Committee Jul 22 on initial UKSPF allocation Report to Corporate Policy Committee updating on UKSPF Oct 2022 ODR Nov 2022 - Approval of project selection process ODR Jan 2023- Acceptance of Year 1 funding and Supplementary Estimate ODR Feb 2023- Approval of Skeleton Programme ODR Jul 2023 – Acceptance of amended MOU ODR Jul 2023 – Approval of additional projects ODR Aug 2023- Call out ODR Oct 2023 – Supplementary Estimate ODR Feb 2024- Allocation of remaining funds ODR Aug 2024 - Virements ODR Aug 2024 – UKSPF Reallocations ODR Oct 2024 – UKSPF Reallocation

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Corporate Policy Committee

6 February 2025

Pay Policy Statement 2025/26

Report of: Adele Taylor, Interim Executive Director Resources and S151 Officer

Report Reference No: CPC/50/24-25

Ward(s) Affected: Not applicable

Purpose of Report

1 This report outlines the Pay Policy Statement for 2025/26 for the Corporate Policy Committee to recommend to Council.

Executive Summary

2 Section 38 of the Localism Act (2011) requires Local Authorities to produce a Pay Policy Statement by 31 March on an annual basis. Regard continues to be given to any guidance from the Secretary of State in producing this statement and the Local Government Transparency Code (2015).

3 The Pay Policy Statement for 2025/26 reflects the expected position at 1 April 2025 and is attached as Appendix 1. Changes since last year's Statement are outlined in section 10 of this report.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Note the changes to the Pay Policy Statement as outlined in section 10 of this report.

2. Recommend to Full Council on 26 February 2025 that Council approve:
   a) the Pay Policy Statement for 2025/26.
   b) for the Pay Policy Statement 2025/26, any in-year changes are approved by the Council's Monitoring Officer and published accordingly.

Background

4 The purpose of the Pay Policy Statement is to increase accountability, transparency, and fairness regarding the Council's approach to pay with particular focus on its Chief Officers.

Consultation and Engagement

5 The final Pay Policy Statement 2025/26 will be shared with Trade Unions.

Reasons for Recommendations

6 A Pay Policy Statement has been required to be produced annually since 2012/13 under Section 38 of the Localism Act (2011). Local Authorities must have their Pay Policy Statement approved by full Council and published on their website no later than the 31 March prior to the financial year to which it relates.

Other Options Considered

7 Not applicable.

Key Updates to the Pay Policy Statement

8 The Pay Policy Statement 2025/26 follows the style and format of the Statement published in 2024/25. The Statement focuses on the broad principles and policies regarding pay and has links to further information and statistical data available on the Council's website and associated policies.

9 The Statement has been designed to be user friendly for public consumption and should require minimal updates each subsequent year.

10 The links to further information including the link to pay multiples will be updated as appropriate through the coming year.

11 Changes since the last Pay Policy Statement are as follows:

a. Added that any in-year changes would need to be approved by the Monitoring Officer and published accordingly.

b. Updated the reference to NHS terms and conditions to include the specific terms and conditions, Agenda for Change.

c. Added that teachers employed directly by the Council (Centrally Employed Teachers) are paid in accordance with the statutory School Pay and Conditions Document (STPCD).

d. Updated the salary information for direct reports to the Chief Executive (including the relevant job titles), direct reports to Tier 2 managers and NJC Employees in line with the pay award for 2024/25.

e. Removed reference to the Salary Sacrifice Lease Car Scheme from Additional to Chief Officers' Salaries as it is not an 'addition' to salary;

f. Added reference to national pay awards.

g. Expanded section on pay multiples to includes information on pay reporting; the Pay Gap data in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Implications and Comments

Monitoring Officer/Legal

12 The Council is required to produce and publish a Pay Policy Statement agreed by full Council each year, under Section 38 of the Localism Act (2011) which details the information that must be provided.

13 In addition, the Local Government Transparency Code (2015) requires information on organisational structure, senior salaries and pay multiples to be published annually each year.

14 This report and the accompanying Pay Policy Statement, with associated links in Appendix 1, once approved and adopted ensures that Cheshire East Council complies with these requirements.

15 The Pay Policy Statement also assists the Council by providing for a transparent and objective pay framework to ensure equality in pay across the organisation.

Section 151 Officer/Finance

16 There are no direct financial implications associated with approving the updated Pay Policy Statement 2025/26 and there is no impact on the Council's Medium Term Financial Strategy.

Policy

17 Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year. Whilst the Statement can be amended during the year should the need arise, in-year changes are subject to approval by the Council's Monitoring Officer.

Equality, Diversity and Inclusion

18 There are no direct equality implications associated with approving the updated Pay Policy Statement 2025/26, any potential implications relating to pay are addressed within the relevant pay policies.

Human Resources

19 Associated pay policies and HR support must comply with the Pay Policy Statement.

Risk Management

20 If the Council does not follow specific aspects of the guidance issued by DCLG and therefore does not achieve appropriate levels of openness and accountability, DCLG can take steps to require the Council to adapt particular policies.

Rural Communities

21 There are no direct implications for rural communities.

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

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

Public Health

23 There are no direct implications for public health.

Climate Change

24 There are no direct implications on climate change.

Access to Information	
Contact Officer:	Sara Duncalf, Head of HR sara.duncalf@cheshireeast.gov.uk
Appendices:	Appendix 1 – Draft Pay Policy Statement 2025/26
Background Papers:	None

Appendix 1

Cheshire East Council

Pay Policy Statement 2025/26

www.cheshireeast.gov.uk

1. Introduction and Purpose

Under Section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38-43 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013, and guidance issued under the Local Government Transparency Code 2015.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its senior employees (excluding teaching staff, employees working in local authority schools and academies, and alternative service delivery vehicles) by identifying:

- The methods by which salaries of all employees are determined.
- The detail and level of remuneration of its most senior employees, i.e. 'Chief Officers', as defined by the relevant legislation.

"Remuneration" for the purposes of this statement includes three elements: basic salary, pension and all other allowances arising from employment.

Once approved by full Council, this policy statement will come into effect on the 1st April 2025 superseding the 2024/25 statement and will be subject to review upon the agreement of any relevant national pay awards and on a minimum of an annual basis, the policy statement for the next year being approved by 31st March each year. Any in-year changes to this statement would need to be approved by the Monitoring Officer and published accordingly.

2. Background

In determining the pay and remuneration of all its employees, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees in an increasingly competitive market who can deliver the Council's commitments and meet the requirements of providing high quality services, which are delivered effectively and efficiently and at times at which those services are required.

The Council complies with all relevant employment legislation and codes of practice. This includes legislation such as the Employment Rights Act 1996, Equality Act 2010, The Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the National Minimum Wage Regulations 2015. The Council seeks to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified using job evaluation mechanisms and the application of key criteria, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with national trade unions. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with Council policy.

3. Senior Management ('Chief Officers') Remuneration

3.1 Principles

There are a number of overriding principles which govern the Council's approach to senior management reward:

- The policy will be affordable; with reward being commensurate with individual and corporate performance.
- Reward policy for senior post-holders will be transparent, clearly defined and readily understood.
- The policy will offer the flexibility to reward job size, capability and market rates (where these may be relevant, with evidence).
- Reward for senior roles will be fair and proportionate in comparison to reward for the wider workforce.

3.2 Reward components

Reward will comprise basic salary and a range of benefits as follows:

- Basic salary: This is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual. For some jobs, this remuneration may increase by annual increments until the maximum of the grade is reached, i.e. Grade 13 and 14. These two grades contain three increments in each with annual incremental progression on the anniversary of the appointment.
- Benefits: The Council provides a range of benefits. The principal benefits are holidays and access to the Local Government Pension Scheme (LGPS). Further details can be found on the Council's website.

3.3 Job Evaluation and Banding

The Council uses the Korn Ferry Hay Group job evaluation scheme to position roles into the Cheshire East Senior Management pay bands. The bands are linked to Korn Ferry Hay Job Evaluation points ranges which have been determined as part of the Council's operating model.

4. Pay and Grading Structure

4.1 Senior Managers (JNC)

This defined pay structure determines the salaries of senior managers on JNC (Joint National Council for Chief Officers) conditions of service. A score is produced from the Korn Ferry HAY job evaluation process which equates to a pay band on the Council's senior manager pay structure.

The current pay structure for senior managers who are on JNC conditions of service can be seen by accessing the pay and grading structure.

In addition, there is a very small number of public health employees who transferred under TUPE to the Council on NHS Agenda for Change Pay and Terms and Conditions on 1st April 2013 and these employees remain on the terms and conditions of their previous NHS employer. The Council employs staff on Soulbury and JNC Youth and Community Support Workers terms and conditions. Any teachers employed directly by the Council (Centrally Employed Teachers) are paid in accordance with the statutory School Pay and Conditions Document (STPCD).

When applying the senior manager pay structure, for the purposes of this statement, the definition of Chief Officers is as set out in Section 43 of the Localism Act. The details of the salary packages are as follows:

Tier 1 (Chief Executive)

- The current salary package falls within a range of £170,000 to £190,000

Tier 2 (and other direct reports to the Chief Executive)

- The salary package falls within a range of £85,883 to £148,823
  - Executive Director of Place
  - Executive Director of Resources, Section 151 Officer
  - Executive Director of Children's Services
  - Executive Director of Adults, Health and Integration
  - Assistant Chief Executive
  - Governance, Compliance and Monitoring Officer

Tier 3 (direct reports to Tier 2 managers)

- The salary package falls within a range of £85,883 to £115,826

4.2 NJC Employees

The NJC pay framework comprises 44 salary points, between SCP 2 (£23,656 per annum) and SCP 45 (£60,830 per annum) for a full-time employee (based on a 37-hour week).

The current pay and grading structure for employees who are on NJC conditions of service can be seen by accessing the pay and grading structure.

5. Recruitment of Chief Officers

The Council's policy and procedures regarding the recruitment of Chief Officers are set out in the Council's Constitution and are undertaken by the Appointments Committee in accordance with arrangements set out in the Constitution (see Chapter 2). Full Council approval will be sought in relation to decisions affecting the remuneration of any new post whose remuneration is or is proposed to be or would become £100,000 per annum or more.

Key statutory posts (Head of Paid Service, Section 151 Officer and Monitoring Officer) are Council appointments.

When recruiting to all posts, the Council will take full and proper account of all provisions of relevant employment law and its own Recruitment Policy and Procedure, Disability Confident commitment, Hidden Disabilities Sunflower Scheme Employer, Redeployment Procedure, and the Council's Equality, Diversity and Inclusion (EDI) Policy.

The remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and in line with this Pay Policy Statement. New appointments will normally be made in accordance with the JNC pay structure, any variation to this approach will be by exception and based on objectively justified criteria supported by appropriate evidence. An appointee's existing pay and their relevant experience and qualifications may be included in any consideration but would need to take account of any equal pay implications that could arise within the Council.

From time to time, it may be necessary to take account of the external pay levels in the labour market and to pay market-related supplements to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such additional payments is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Any such payments will be reviewed at least annually to ensure their ongoing suitability and appropriateness.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, put in place the most effective arrangements to engage individuals. These arrangements will comply with HMRC IR35 requirements, relevant procurement processes and ensure the Council is able to demonstrate maximum value for money.

6. Additions to Chief Officers' Salaries

The following payments can be applied to Chief Officers' salaries:

- Returning and Deputy Returning Officers' Fees
- Travel Allowances and Expenses
- Relocation Expenses

- Professional Fees and Subscriptions

Further details of Additions to Chief Officers' salaries are published in the Council's Transparency Data and in the Statement of Accounts.

7. Pension Contributions

Eligible employees are automatically enrolled into the Local Government Pension Scheme (LGPS). The Council is required to contribute to the scheme based on a percentage of the pensionable remuneration due under the contract of employment of that employee. The employer contribution rate is set by the Actuary advising the Cheshire Pension Fund (the name of the LGPS in Cheshire) to ensure the scheme is appropriately funded. Employee contribution rates are set in bands and are defined by statute.

Details of the Local Government Pension Scheme discretions exercised, contribution bands, actuarial rates and discretions policy application are available.

8. Redundancy Payments and Payments on Termination

The Council's policy on compulsory redundancies, including redundancy payments, is set out in the Organisational Change Policy and Procedure. If employees have two or more years' service, they may be entitled to a redundancy payment. The payment is based on the statutory formula (on actual weekly pay). Any overtaken leave/flexi will be deducted from their final salary. Where there is an outstanding leave entitlement, this must be taken during their notice period and before their employment ends.

To minimise the need for compulsory redundancies and in conjunction with other measures, e.g. restricting recruitment, the Council may consider requests from employees to be made redundant (voluntary redundancy). Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the statutory formula (on actual weekly pay) plus an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 week's pay.

The Council's current approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age and for those eligible for retirement, is set out in the Leaving the Council Policy & Procedure and in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Local Government Pension Scheme Regulations 2007.

All payments under this section are subject to the approval process set out in the Organisational Change Policy & Procedure, the Leaving the Council Policy & Procedure and CEC Constitution.

The Council reserves the right to change all discretionary elements. The Council will also take into consideration the Government's statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK and will implement any government changes to exit payments when they become law.

9. Early Retirement and Severance on the Grounds of Business Efficiency

In line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council also operates a voluntary scheme to facilitate early retirement or severance on grounds of business efficiency to enable the Council to continue to achieve effective use of resources and provide value for money. The terms of this are set out in the Leaving the Council Policy and Procedure and due consideration will again be given to the statutory guidance on exit payments.

10. Mutually Agreed Resignation Scheme (MARS)

The Council has operated a Mutually Agreed Resignation Scheme (MARS) which enables individual employees, including Chief Officers, in agreement with the Council, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This scheme creates resourcing flexibility to avoid compulsory redundancies in future, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas. MARS is non contractual and has no pension liabilities. A decision is taken whether to run the scheme by the Chief Executive and due regard will be given to the statutory guidance on exit payments.

11. Settlement Agreements

The Council uses settlement agreements for all voluntary redundancies/severance and MARS severance payments, for all employees, including Chief Officers. The use of settlement agreements on this basis minimises any risk of future claims against the Council and can ensure that any potential or pending legal proceedings and their associated legal costs can be avoided. The Council follows the current guidance for public sector settlement agreements in these circumstances.

12. Re-employment or re-engagement

Any decision to re-employ an individual (including Chief Officers) already in receipt of a Local Government Pension (with same or another local authority) will be made on merit, considering the use of public money and the exigencies of the Council.

In particular, the Voluntary Redundancy Scheme provides that former Cheshire East/Legacy Authority employees who left their employment on grounds of voluntary retirement, redundancy or severance will not be re-employed in any capacity, except in exceptional circumstances and subject to the agreement of the Head of HR in consultation with the Chair of the Corporate Policy Committee. Re-engagement includes all types of contractual relationships whether they are a contract of employment, contract for service etc. and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

13. Pay Multiples and Pay Reporting

The Council publishes a range of information to meet the Transparency Code requirements and has used the recommended formulae in the code guidance and

Local Government Association (LGA) guidance to calculate the relationship between the rate of pay for the lowest paid, median and Chief Officers, known as pay multiples.

The Council will also publish, on an annual basis, Gender Pay Gap data in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Gender Pay Gap Reporting requires employers with 250 or more workers to publish specific data in relation to their workforce. These requirements include how large the pay gap is between male and female workers, along with the distribution of male and female workers in the organisation. As a public sector employer this demonstrates the Council's compliance with the Public Sector Equality Duty.

The gender pay gap report measures the differences between the average pay of male and female employees, irrespective of job role or seniority. Gender Pay Gap is different from equal pay. The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society. The Act states that men and women in the same employment performing equal work must receive equal pay.

14. Publication and access to information

Upon approval by the full Council, this Statement will be published on the Council's website (www.cheshireeast.gov.uk). Additionally, in line with Code of Practice and Accounts and Audit Regulations, salary, allowances and bonus compensation and employers pension contributions will be published for:

a) Senior employees whose salary is £150,000 or more (who will also be identified by name).

b) Senior employees whose salary is £50,000 or more.

Prepared by:	Human Resources
Date:	January 2025
Review date:	March 2026

Annex 1 – Links

All the relevant policies and procedures as referred to in the Pay Policy Statement can be found using the links in section 1 below. Please email humanresources@cheshireeast.gov.uk should you have any difficulties accessing this information.

Section 1: Additional information

Link 1 – Pay and grading structure for senior managers and employees

Link 2 – Additions to Chief Officers' salaries

Link 3 – Local Government Pension Scheme

Link 4 – Pay multiples

Statement of Accounts

Section 2: Internal intranet links to the further relevant policies, procedures and other relevant information

- Payment of a Market Supplement
- Pay and Allowances Policy
- Pensions Discretions Policy
- Organisational Change Policy and Procedure
- Leaving the Council Policy and Procedure
- Recruitment Policy and Procedure
- Redeployment Procedure
- Equality, Diversity and Inclusion (EDI) Policy
- Relocation and Excess Travel Policy and Procedure

For those seeking to access copies of policies and procedures externally, please email humanresources@cheshireeast.gov.uk to request copies of the relevant documents.

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Cheshire East Council

OPEN

Corporate Policy Committee

6 February 2025

Absence Management Policy and Procedure (Human Resources)

Report of: Adele Taylor, Interim Executive Director Resources and S151 Officer

Report Reference No: CPC/49/24-25

Ward(s) Affected: Not applicable

For Decision

Purpose of Report

1 The purpose of this report is to outline and seek approval of the Council's Absence Management Policy and Procedure.

Executive Summary

2 The purpose of this report is to seek approval of the Absence Management Policy and Procedure, in line with Chapter 2, Part 5, paragraph 2.3 of the Council's Constitution requiring the approval of the Corporate Policy Committee for the adoption of HR Policies.

3 The amended Absence Management Policy and Procedure aims to provide an understanding of what will happen when someone is too ill to work, by setting out the Council's approach to reporting and managing sickness absence.

4 Key updates and new elements of the policies listed above are outlined in section 7 of this report.

RECOMMENDATIONS
The Corporate Policy Committee is recommended to: 1. Approve the changes to the Absence Management Policy and Procedure.

Background

5 This is an existing policy which has been amended. The policy aims to provide an understanding of what will happen when an employee is too ill to work, by setting out the Council's approach to reporting and managing sickness absence. In implementing this policy and procedure the Council aims to strike a reasonable balance between the pursuit of our operational needs with a persons need to take time off work due to ill health.

6 Changes have been made to the Absence Management Policy and Procedure, in particular, the procedures for managing short and long-term absence have been combined. This will make the process more flexible, easier to follow, and will better support those suffering from ill health.

7 Another significant change is that specific reference to written 'Improvement Notices' throughout the procedure has been removed in favour of a more supportive explanation has been included at each stage.

8 All the main changes to the Absence Management Policy and Procedure are set out below.

a) Linked to the updated Leave and Time Off Policy in relation to health-related appointments and time off for surgery.

b) Expanded the section on 'special cases' to include time off in relation to transitioning procedures or treatment.

c) Updated section on sickness and annual leave in line with latest legal advice.

d) Added that where a meeting/hearing needs to be rearranged, less notice may be given, but employees will usually be given at least 3 working days' notice of a formal absence review meeting and at least 5 working days' notice for an absence hearing.

e) Combined the layout of the procedure for managing short and long-term sickness absence, so that the process is easier to follow and understand, and to better support employees who are experiencing ill health.

f) Removed specific reference to written 'Improvement Notices' throughout the procedure – instead, an explanation has been included at each stage.

g) Included a detailed section on the Employee Assistance Programme (EAP).

Consultation and Engagement

9 CLT and the Council's recognised trade unions and relevant internal stakeholders have been consulted in relation to the updated policy and procedure on managing absence.

Reasons for Recommendations

10 The changes made to the Absence Management Policy and Procedure will help to clarify the procedure for managing short and long-term absence due to ill health.

Other Options Considered

11 The Absence Management Policy and Procedure could have retained separate processes for short and long-term absence. Best practice and legal advice led to combining both processes to make the process easier to follow, which may help the council to manage absence rates.

Implications and Comments

Monitoring Officer/Legal

12 Under the Council's Constitution, Chapter 2, Part 5, the Corporate Policy Committee has responsibility for Human Resources, Organisational Development and Health and Safety matters affecting the Council; including adopting HR policies and practices and assurance in relation to staffing related matters.

13 The amended Absence Management Policy and Procedure has been updated in line with best practice and provides a clear and supportive process for employees and management to follow. This policy also seeks to ensure that the Council adheres to the relevant legislation and national pay and conditions in dealing with sickness absence; The Employment Rights Act 1996, national agreements on pay and conditions (NJC and JNC) for local government workers, and the Equality Act 2010, particularly concerning disabilities.

Section 151 Officer/Finance

14 There are no direct financial implications associated with approving the updated Absence Management Policy and Procedure, and there is no impact on the council's Medium Term Financial Strategy (MTFS).

Policy

15 Any decisions relating to absence management should comply with the policies in place at the time.

Equality, Diversity and Inclusion

16 There are no direct equality implications associated with approving the Absence Management Policy and Procedure.

Human Resources

17 Associated policies and guidance documents will be reviewed and updated accordingly to ensure that they complement the Absence Management Policy and Procedure.

18 The Absence Management Policy and Procedure will help to clarify the Council's expectations on staff and in turn what they can expect from the Council as their employer.

Risk Management

19 The Absence Management Policy and Procedure had been amended in line with the current legislation and best practice. This provides support for employees who are absent from work and for their subsequent return as it clarifies the Council's expectations on staff and in turn what they can expect from the Council as their employer.

20 It also helps to protect the council from potential legal challenge in the management of employee sickness absence.

Rural Communities

21 There are no direct implications for rural communities.

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

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

Public Health

23 There are no direct implications for public health.

Climate Change

24 There are no direct implications on climate change.

Access to Information

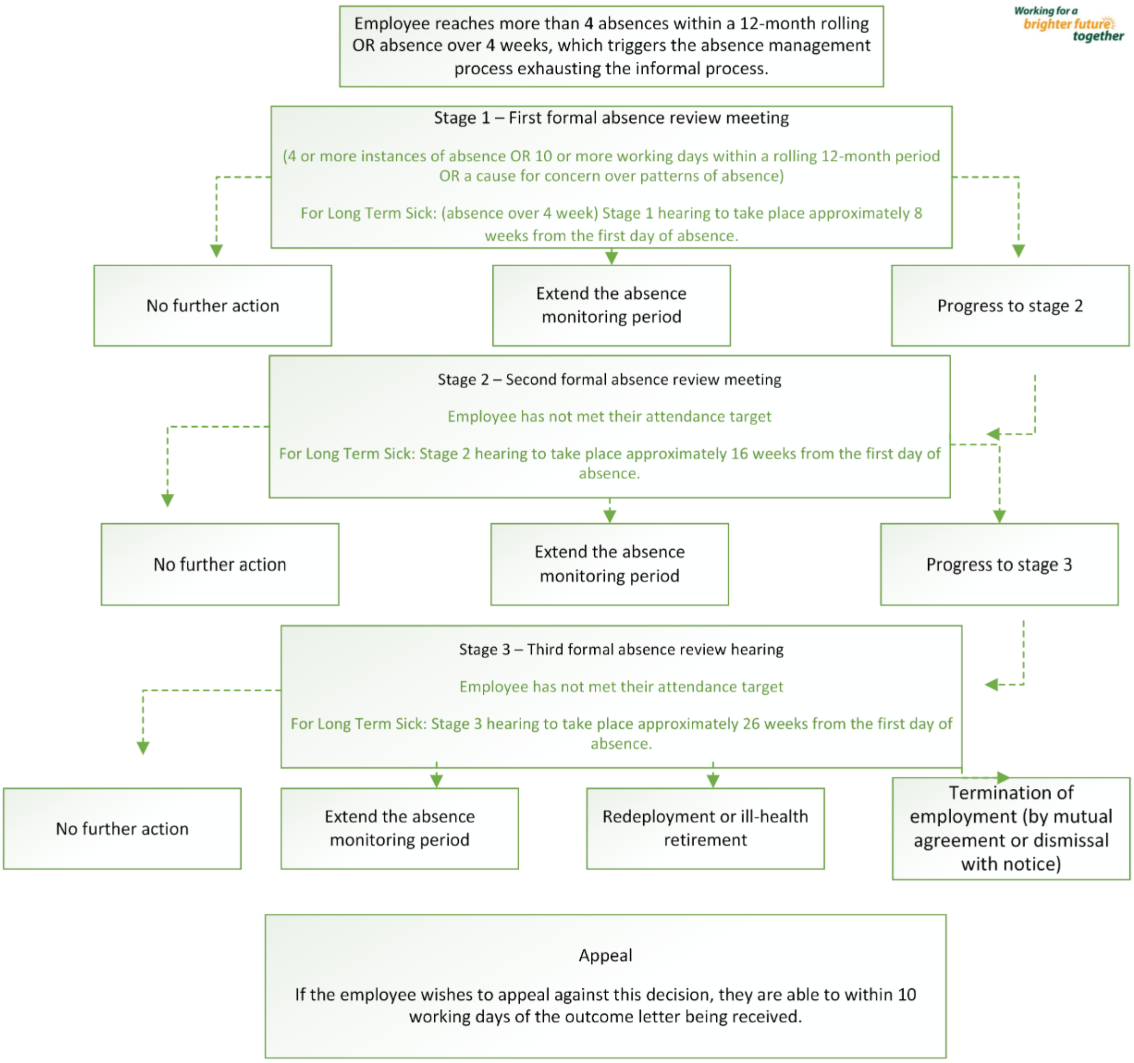
Contact Officer:	Sara Duncalf, Head of HR Email: sara.duncalf@cheshireeast.gov.uk
Appendices:	Appendix 1 – Draft Absence Management Policy and Procedure
Background Papers:	None

Appendix 1

Absence Management Policy and Procedure

Contents

Absence management flow chart



Scope

This policy and procedure applies to all employees of Cheshire East Borough Council except school/academy-based employees. There are separate policies and procedures for school and academy employees. It does not apply to agency workers, self-employed contractors or volunteers.

This policy and procedure does not form part of any employee's contract of employment, and we may amend it at any time following consultation with the recognised trade unions.

Policy statement

Our aim is to create, support and sustain a healthy workplace for all our employees. We understand that there will be times when you are unable to work due to illness and we are committed to treating you fairly and sympathetically. Where you are not able to work, we will support you in improving your attendance levels and assist with your rehabilitation and, if appropriate, your eventual return to work. This policy helps you to understand what will happen when you are too ill to work by setting out our approach in reporting and managing sickness absence.

This policy also seeks to ensure that we adhere to the relevant legislation and national pay and conditions in dealing with sickness absence, so it is important that you follow this procedure. The Employment Rights Act 1996 and national agreements on pay and conditions (NJC and JNC) for local government workers primarily govern this in relation to sick pay, while the Equality Act 2010 requires employers to avoid discrimination, particularly concerning disabilities. We must also comply with the Health and Safety at Work Act 1974, ensuring that the workplace does not contribute to employee illness.

Reporting sickness absence

If you are too ill to work, you need to call your manager – or another designated manager – no later than your normal start time. It is important that you make the call yourself where possible, and you will need to let us know:

- why you are absent and how long you expect to be off work;
- what action you are taking, for example, an appointment to see the GP; and
- if appropriate, details of any urgent or outstanding work that needs to be picked up during your absence.

Contact with your manager should be made by a telephone call or MS Teams call. Texts, emails, messages on social media and messages from another person are not acceptable means of notification. There may be circumstances where you are unable to make the call yourself, for example, being admitted to hospital, so your manager should be contacted by a family member on your behalf.

If you become unwell during a period of annual leave and would otherwise be reporting as unfit to work, you should still comply with the absence reporting procedures.

Stress or stress-related mental health issues

If you report that the reason for absence is stress or a stress-related mental health issue or this reason is stated on your fit note, it is important for your health and wellbeing that contact is established with your manager as soon as possible so your manager can make the necessary referral to occupational health to consider what support and/or adjustments can be provided (see section on occupational health referral and medical examinations).

A stress risk assessment will also be arranged and undertaken in accordance with the Health and Safety Stress Guidance: Stress management (cheshireeast.gov.uk) for when you are well enough to participate and, if applicable, before you return to work.

Recording sickness absence

Your manager will arrange for any sickness absence to be recorded into the council's electronic pay system (Unit4). Guidance is available on Centranet: Record a sickness absence and return to work (cheshireeast.gov.uk).

If your absence relates to an accident or incident that occurred during the course of your work, the accident or incident must also be recorded using the council's electronic accident reporting system (PRIME) and within 4 days of it occurring. Guidance is available on Centranet: Prime: accident reporting system (cheshireeast.gov.uk).

Unauthorised absence will also be noted by your manager, examples of which include:

- non-compliance with the relevant absence reporting procedure;
- leaving the workplace without permission and/or not working during agreed working hours (for example, logged off whilst 'working' from home);
- sickness absence lasting more than 7 calendar days for which no medical evidence has been provided within 10 working days of the absence; and
- failure to attend work after permission for time off has been refused, for example, unauthorised holidays.

Cases of unauthorised absence will be dealt with under the council's Disciplinary Policy and Procedure: Disciplinary (cheshireeast.gov.uk).

Evidence of sickness absence

Self-certification

If you are absent for 7 calendar days or less, you can self-certify your absence. This means informing your manager that you are not well enough to work as outlined previously (see reporting sickness absence). You are also required to declare that you are unfit for work by signing a self-certification form. This should be completed as part of your return-to-work interview with your manager.

Statement of fitness for work (fit note)

If you are absent for more than 7 calendar days (including non-working days and weekends), you must provide your manager with a fit note (statement of fitness for work) as soon as possible.

The fit note can state either that you "may be fit for work" or that you are "not fit for work". On the fit note, the healthcare professional may also suggest a phased return to work, altered hours, amended duties or workplace adaptations. Your manager will take the recommendations in the fit note seriously and give fair consideration, in consultation with you and Human Resources, as to whether any of the suggestions can be accommodated.

More guidance on fit notes is available on Centranet: Take time off for sickness (cheshireeast.gov.uk).

Sick pay scheme

The council operates a contractual sick pay scheme that is more generous than statutory sick pay (SSP). Your entitlement to contractual sick pay is set out in the Sick Pay Scheme: Sick pay and entitlements (cheshireeast.gov.uk).

Where the scheme is being abused, for example, failing to report absences, not providing fit notes, dishonesty about working elsewhere whilst in receipt of sick pay or failing to engage with the absence management process, including unreasonable refusal to attend occupational health appointments, it may lead to the loss or suspension of sick pay or disciplinary action under the council's Disciplinary Policy and Procedure (available on Centranet).

Health-related appointments, time off for surgery and fertility treatment

The council's Leave and Time Off Policy allows 3 hours to be credited to your flexi/time recording for fixed/non-routine appointments such as hospital appointments or NHS physiotherapy. If the appointment lasts longer than the 3 hours allowance, the time off will be recorded as sick leave in accordance with this policy.

No time will be credited for routine medical appointments, such as GP, dentist and optician appointments. These appointments should be arranged outside of your normal working hours or at times that will cause minimum disruption. However, there are some exceptions, for example, ante-natal care, cervical smear tests, mammograms and prostate gland tests. Any exceptions or if further advice is needed, your line manager should seek advice from Human Resources.

For full and up-to-date details about time off for health-related appointments, including surgery (emergency, elective and cosmetic) and fertility treatment, please refer to the Leave and Time Off Policy: Leave and time off (cheshireeast.gov.uk).

Return to work interview

If you have been absent on sick leave, your manager will arrange to meet with you to conduct a return-to-work interview – usually within two days of your return to work. The purpose of the interview is primarily to provide you with an opportunity to discuss the reason for your absence and whether you need any support.

Your manager may also inform you about any concerns regarding your absence record and if the need for formal action under the absence management procedure is required.

More information about the return-to-work interview is available on Centranet: Record a sickness absence and return to work (cheshireeast.gov.uk).

Keeping in contact during sickness absence

Your manager will be in touch will you and maintain reasonable contact with you during your sickness absence – whether short or long-term – to discuss your health and wellbeing, expected length of continued absence from work and, if appropriate, any of your work-related matters. Such contact is intended to provide reassurance and support and should include referral to occupational health where a referral has not already been arranged.

During longer-term absences, your manager will agree with you the method and frequency of contact. However, if you have any concerns, you should contact your manager at any point during your sickness absence.

Special cases

Pregnancy-related absences

If you are pregnant and are absent from work for a pregnancy-related illness, your sickness absence will not be included in the triggers for formal action under the sickness absence management procedure.

Disability

If you have a disability, you do not have to tell us. However, we would encourage you to let us know so that your manager can support you, for example, by making reasonable adjustments to your workplace, aspects of your role, working practices and/or our sickness absence management procedure. If your sickness absence is due to a disability, please contact your manager to discuss potential reasonable adjustments that may help you return to work or support you after you have returned to work. We may need to discuss your needs with you and your medical adviser/occupational health to help us get the right support in place.

Transitioning

If you require time off for transitioning procedures or treatment, your absence will be treated as sickness absence in accordance with this policy and procedure. However, the sickness absence related solely to the transition, i.e. time off for procedures or treatment, should be discounted from the triggers and the monitoring of sickness absence.

If you are seeking to take time off for transitioning procedures or treatment, we may ask you to provide evidence of this. Suitable evidence may include a letter, email or appointment card from the treatment provider. More information and support about transitioning is available on Centranet: Transitioning at work.

Sickness and annual leave

You will continue to accrue your holiday entitlement during any period of long-term sickness absence. In these circumstances, if you are not able to take your full entitlement due to taking sick leave, you are entitled to carry over up to 4 weeks of untaken statutory leave. Any holiday that is carried over as a result of sick leave must be taken within 18 months from the end of the holiday year in which it was originally accrued.

If employment is terminated, any remaining annual leave entitlement (including bank holidays occurring and untaken during the holiday year in which your employment ends) will be paid in your final salary payment.

More guidance on how to manage sickness and annual leave is available on Centranet: Absence management (cheshireeast.gov.uk).

Occupational health referrals and medical examinations

We will usually require you to attend a medical examination by our occupational health provider and/or a doctor nominated by us (at our expense) to obtain advice on your fitness for work and any potential reasonable adjustments to support you at work. Your manager should discuss the reasons for the referral with you and gain your consent to the referral.

You will be asked to agree that any report produced in connection with any such examination may be disclosed to us and that we may discuss the contents of the report with Human Resources and the relevant doctor. If you do not agree to a referral to occupational health, fail to attend occupational health/medical appointments and/or you object to medical reports being disclosed, your manager may inform you that a decision relating to your employment may be made without the benefit of access to medical reports.

More information about the council’s occupational health provider, including a toolkit on referrals for managers, is available on Centranet: Make an Occupational Health referral (cheshireeast.gov.uk).

Absence management procedure

Informal stage

As soon as your manager is aware that you are having persistent, short-term absences or you are absent from work on a long-term basis (absent for more than four weeks), your manager should hold an informal discussion with you. This should take place in advance of formal proceedings to discuss your absence/s that are causing concern, and to allow your manager to explain the formal process of managing your absence. Your manager should also continue to conduct informal meetings after every period of absence (see section on Return to Work Interview) and at least every month for long-term continuous absence cases (see section on [Keeping in Contact during Sickness Absence).]

Formal absence review meetings and hearing

Absence review meetings will usually be conducted by your line manager, who will act as the 'Review Manager'. The Review Manager will put in writing any concerns about your absence and why a formal absence review meeting or hearing is required.

Following initial informal discussions with you about your sickness absence, the formal process will consist of the following meetings:

- A first formal absence review meeting (Stage 1)
- A second formal absence review meeting (Stage 2)
- A formal hearing (Stage 3)

The absence hearing will be chaired by a senior manager with the necessary delegated authority (to dismiss).

You will usually be given at least 5 working days written notice of a formal absence review meeting and at least 10 working days' notice for an absence hearing to allow you to prepare and to arrange for a companion to accompany you if required.

If you are unable to attend a meeting, you should inform the Review Manager immediately, and an alternative time will usually be arranged. Where a meeting or hearing needs to be rearranged, less notice may be given than outlined above, but you will usually be given at least 3 working days' notice of a formal absence review meeting and at least 5 working days' notice for an absence hearing. Where you fail to attend meetings without good reason, your occupational sick pay may be withheld, and a review meeting may be held in your absence.

Confirmation of any decision made at the meeting, the reasons for it, and the right of appeal, where relevant, will be given to you in writing usually within 10 working days of the meeting.

Right to be accompanied

You have the right to be accompanied to formal meetings or appeals. Your companion may be a Cheshire East Council work colleague, a trade union representative or an official employed by a trade union. Their details must be given to the manager conducting the meeting, and in good time before the meeting takes place. If your companion is unavailable to attend any meeting or hearing at the time scheduled and will not be available for more than 5 working days, we may ask you to choose an alternative companion.

Stage 1 – First formal absence review meeting

If you meet any of the following absence triggers or in cases of long-term sickness absence over 4 weeks, a formal absence review meeting will be arranged with you:

- 4 or more instances of absence, regardless of length, in a rolling 12-month period;
- 10 or more working days in a rolling 12-month period (pro rata for part time employees – see guidance available on Centranet); or
- cause for concern over patterns of absence, for example, repeated absence on a particular day of the week or periods of absence prior to and/or immediately following periods of annual leave.

In the case of continuous long-term sickness absence, this formal meeting will usually take place from approximately 8 weeks from your first day of absence. However, in certain circumstances, the meeting may take place at an earlier or later time following a discussion with you and/or occupational health as the timing of the meeting may depend on your medical condition/circumstances.

The purpose of this meeting – whether short or long-term absence – is to discuss your absence/s that have given cause for concern, establish what, if any, adjustments and/or support we can put in place to improve your attendance levels or to facilitate a return to work. For long-term absences, the meeting will also seek to determine how long the absence is likely to last. The meeting will be conducted in line with the arrangements set out previously in absence review meetings and the right to be accompanied at meetings.

Following the meeting, the Review Manager will set out in writing what has been discussed and agreed, including what further action needs to be taken. The letter will also reiterate that your attendance has fallen below the required standards, and you may progress to the next stage of the procedure.

In the case of short-term absence, it may include setting an absence monitoring period explaining the nature of the improvement that is required in your attendance, i.e. the minimum level of attendance that will be required to avoid triggering the next stage of the procedure, and the timescale for making these improvements. After this monitoring period (or sooner if it becomes clear that the targets for improvement cannot be reached during the monitoring period), the Review Manager will inform you of the outcome, and this will also be confirmed in writing. Possible outcomes may include:

- no further action at this point;
- extending the absence monitoring period; or
- informing you that you have not met the attendance target set during the monitoring period and inviting you to a stage 2 absence review meeting.

Stage 2 – Second formal absence review meeting

Depending on the matters discussed at the first stage of this procedure, a second formal absence review meeting may be necessary where:

- you have not met the attendance target set or it becomes clear that the target for improvement cannot be reached during the monitoring period;

- your period of long-term sickness absence continues; or
- you have had previous long-term sickness absence and have not been able to remain in work.

In the case of continuous long-term sickness absence, this formal meeting will usually take place from approximately 16 weeks from your first day of absence. However, in certain circumstances, the meeting may take place at an earlier or later time following a discussion with you and/or occupational health as the timing of the meeting may depend on your medical condition/circumstances.

The purpose of this meeting – whether short or long-term absence – is to discuss your absence/s that are continuing to give cause for concern, review what, if any, adjustments and/or support is in place to improve your attendance levels or to facilitate a return to work, including reviewing occupational health report/s, if applicable. The meeting will be conducted in line with the arrangements set out previously in absence review meetings and the right to be accompanied at meetings.

Following the meeting, the Review Manager will set out in writing what has been discussed and agreed, including what further action needs to be taken. The letter will also reiterate that your attendance has fallen below the required standards, and may, depending on steps we have already taken, include warning you that you are at risk of dismissal.

In the case of short-term absence, it may include setting another absence monitoring period explaining the nature of the improvement that is required in your attendance, i.e. the minimum level of attendance that will be required to avoid triggering the next stage of the procedure, and the timescale for making these improvements. After this monitoring period (or sooner if it becomes clear that the targets for improvement cannot be reached during the monitoring period), the Review Manager will inform you of the outcome, and this will also be confirmed in writing. Possible outcomes at this stage may include:

- no further action at this point;
- extending the absence monitoring period; or
- informing you that you have not met the attendance target set during the monitoring period and inviting you to a stage 3 absence hearing where an outcome of this could be terminating your employment.

Stage 3 – Absence hearing

Where you have been warned that you are at risk of dismissal following previous formal absence review meetings, an absence hearing may be necessary where:

- you have not met the improvements target set or it becomes clear that the target for improvement cannot be reached during the monitoring period;
- it is clear from medical advice that you are not fit to return to your role in the foreseeable future or within an acceptable timescale, and all reasonable steps to assist you in returning to work have been exhausted;

- your absence levels have failed to adequately improve during earlier stages of this procedure, and this can no longer be sustained by the council/service; or
- you have had previous long-term sickness absence and have not been able to remain in work.

In the case of a continuous long-term sickness absence, the hearing should normally take place from approximately 26 weeks from your first day of absence. However, in certain circumstances, the hearing may take place at an earlier or later time as it may depend on your medical condition/circumstances. The Review Manager will continue to support you, and to seek guidance from Human Resources and occupational health as appropriate.

The purpose of the hearing is to review the actions taken to date, discuss why those have not worked, reasonable adjustments, consider updated medical evidence/advice, and consider any further matters you wish to raise. Where you remain on long-term sickness absence, whether there have been any changes since the last meeting, including whether there is a reasonable prospect of a return to work. The hearing will be conducted in line with the arrangements set out previously in absence review meetings and the right to be accompanied at meetings.

The following are potential outcomes of the hearing:

- no further action at this point;
- extending the absence monitoring period;
- redeployment or ill-health retirement; or
- terminating your employment (by mutual agreement or dismissal with notice).

Where a decision is made to terminate your employment, you will be provided with reasons for dismissal in writing, including the date on which your employment will terminate and right of appeal.

Managing episodes of short and long-term absences

Where an episode of poor attendance is under review and is being managed but the absence/s changes from being a short-term to a long-term absence or vice versa, the Review Manager should seek advice from Human Resources to consider what is appropriate and reasonable, and how best to proceed through the stages within the process.

Appeals

If you are not satisfied with the outcome of any decision to progress your absence management to the next stage of the procedure (i.e. a decision to move to Stage 2 or Stage 3 or the termination of your employment), you have a right of appeal. You should appeal in writing within 10 working days of receipt of an outcome letter. Your appeal should be returned to the Review Manager, or the Executive Director when appealing against dismissal. Your appeal should set out the grounds on which you believe that the decision was flawed or unfair. If your grounds of appeal are unclear, we may ask you to clarify these before we hold an appeal hearing.

Following receipt of your appeal, an appeal hearing will take place no less than 30 working days following the receipt of your appeal. However, any new matters raised in an appeal may delay an appeal meeting if further investigation is required.

Your Head of Service will nominate a manager who has not been previously involved in the case to act as the Appeal Manager. Depending on the circumstances, an appeal hearing may be a complete rehearing of the matter or a review of the original decision.

Appeals against dismissal will be dealt with impartially and heard by the Staffing Appeals Sub-Committee (three Councillors, established on an ad hoc basis in consultation with the Chair of the Corporate Policy Committee, in accordance with Council Constitution). The outcome of the appeal will be confirmed to you in writing, explaining the grounds on which the decision was reached.

The decision by the Appeal Manager or Staffing Appeals Sub-Committee (as appropriate) will be final. This is the end of the procedure and there is no further appeal.

Employee Assistance Programme (EAP)

Help and support is available through our employee assistance programme (EAP). You can use our EAP to speak to an independent adviser about any issue that is troubling you. The service is confidential and completely free to use. You can access the EAP as follows:

- By phone: 0800 111 6387 (free 24/7 helpline)
- Online: www.my-eap.com/access and log-in using organisation code 'Cheshirewell'
- Live webchat support: Monday – Friday 8-6.30pm and Saturday 8-5pm www.vitahealthgroup.co.uk/corporate-health-services/webchat/

More information is also available about the EAP on Centranet: Employee Assistance Programme (EAP) (cheshireeast.gov.uk).

Data protection

The council processes personal data, including information about your health, lawfully and in accordance with its Data Protection Policy. We recognise that such data is sensitive and will handle it in a confidential manner. Inappropriate access or disclosure of your data constitutes a data breach and should be reported in accordance with the council's Data Breach Procedure immediately. It may also constitute a disciplinary offence, which will be dealt with under the council's disciplinary procedure.

Any information provided to the council's occupational health provider and the EAP provider is treated in the strictest confidence and specific details about your condition will not be made available to the council unless you provide your informed consent.

Equality

The council is committed to promoting equal opportunities in employment. You (and any job applicants) will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, religion or belief, sex or sexual orientation or caring responsibility. This means that the application of the policy and procedure may need to be adjusted to cater for the specific needs of an individual including the provision of information in alternative formats where necessary.

Monitoring and review

The council will monitor this policy and procedure to ensure that it is operating fairly, consistently and effectively. The policy and procedure will also be reviewed in the light of operating experience and/or changes in legislation.

Prepared by:	HR Operations
Date:	June 2019
Revised:	December 2019
Revised:	February 2024
Last reviewed:	January 2025
Revisions:	(1) Linked to the updated Leave and Time Off Policy in relation to health-related appointments and time off for surgery. (2) Expanded the section on 'special cases' to include time off in relation to transitioning procedures or treatment. (3) Updated section on sickness and annual leave in line with latest legal advice. (4) Added that where a meeting/hearing needs to be rearranged, less notice may be given, but employees will usually be given at least 3 working days' notice of a formal absence review meeting and at least 5 working days' notice for an absence hearing. (5) Combined the layout of the procedure for managing short and long-term sickness absence, so that the process is easier to follow and understand, and to better support employees who are experiencing ill health. (6) Removed specific reference to written 'Improvement Notices' throughout the procedure – instead, an explanation has been included at each stage. (7) Included a detailed section on the Employee Assistance Programme (EAP).

OPEN

Corporate Policy Committee

6 February 2025

Council Decision-Making and Governance

Report of: Acting Governance, Compliance, and Monitoring Officer

Report Reference No: CPC/43/24-25

All Cheshire East Council Wards are affected

For Decision

Purpose of Report

1 This report has been produced in response to the recommendations of the Local Government Association Peer Challenge Report, and to a Notice of Motion from Council, to present to the Committee options in respect of the Council's decision-making and governance arrangements, after May 2026. It also makes proposals to improve existing arrangements pending any changes.

Executive Summary

2 This report analyses and provides background information upon recommendations of the LGA Peer Challenge Report, and also the Notice of Motion which was referred to the Committee by Council on 16 October 2024.

3 The report addresses the Council's decision-making governance arrangements, and presents to Members options to consider, including a proposal for a full review, changes which could be made to improve existing arrangements, as well as more significant changes which could be made, should the Council be minded to do so.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Determine whether the existing Constitution Working Group, together with key officers, should drive-forward the Council’s review of its decision-making and governance arrangements or, alternatively that a new politically proportionate working group should be appointed to do so.
2. Approve the terms of reference for a Decision-Making and Governance Working Group as set out in Appendix 9 to this report.
3. Agree the Scope of the review, as set out in Appendix 8 to this report.
4. Agree adapted Design Principles as set out in part 2 of Appx 3 to this report.
5. Note the progress made so far to improve existing arrangements, including changes to scrutiny work programming, scrutiny training and officer reporting, and call for officers to identify and report to the Working Group upon further immediate improvements which might be made, where these can be identified (paragraphs 3.17 onwards refer).
6. Note the indicative review process, as set out in Appendix 5 to this report.
7. Agree that reports will be brought back to the Committee upon such improvements as are referred-to in Recommendation 5, as well as upon the progress of the review.

Background

LGA Corporate Peer Challenge report

4 In March 2024 the Local Government Association (LGA) undertook a per review of the Council and its subsequent report included recommendations which called for Council decision-making to be streamlined, the consideration of governance structures and improvements to scrutiny:

5 “Recommendation Eight: Urgently review the Council’s decision-making framework:

6 The Council needs to streamline current decision-making arrangements to avoid siloed working across committees, ensure that Committees are working through effective work programmes, and reduce confusion and lost capacity caused by the current system. This should include consideration of governance structures, schemes of delegation, and report approval arrangements ahead of committee meetings.

7 “Recommendation 10: Give more time and emphasis to Scrutiny across the Council: The Council would benefit from increased Scrutiny of decisions through their existing governance structures. This should include more

consistent approaches to Scrutiny at Committee, and improved forward planning and agenda setting to maximise member input into the decision-making process.

8 See the full report: LGA Corporate Peer Challenge Final Report 2021

Notice of Motion to Council on 16 October 2024

9 On 16 October 2024, Council, received a Notice of Motion, which was fully debated. Council in summary, resolved that a report be presented to the Corporate Policy Committee by 6 February 2025, which would include:

- information about the experience of Members of the committee system,
- details of how a change in the Council's governance arrangements might be made,
- the implications of and timescale for doing so, and
- details of any other pertinent matters.

10 The full detail of the Notice of Motion is set out in Appendix 1.

11 The resolution of Council, amongst other things, called for detailed information to be provided about how a change in the Council's governance arrangements might be made, and the implications of and timescale for making such a change. This report, therefore, presents proposals as to next steps for consideration should the Council wish to resolve to do so.

Models of Local Government

12 There are a number of models of decision-making which are available to local authorities under the Local Government Act 2000:

- Executive arrangements: directly elected Mayor
- Executive arrangements: Leader and Cabinet
- Committee system
- Other options/variations

More details are provided at Appendix 2.

Pros and cons: executive arrangements or non-executive arrangements

13 There is no "right" or "wrong" system of decision making for local authorities. Ultimately, it is for each Council to determine how well they feel their own system is working and whether there might be benefits in exploring the alternatives.

14 Most Councils operate a Leader and Cabinet system of decision-making. The following are considerations:

- Opposition and backbench councillors can sometimes feel excluded from the decision-making process under the Cabinet and other executive systems.

- A committee system does, inherently, give a louder voice to opposition members, since each committee is made up of members from all groups, on a politically proportionate basis.

- Councils operating executive forms of governance must have at least one overview and scrutiny committee to hold the executive to account. This is seen by some to provide a beneficial element of challenge to decision-making. Under a committee system, there is no requirement to have any bespoke overview and scrutiny committee; this work is the responsibility of service committees themselves, as it was prior to the enactment of the Local Government Act 2000.

- Views have been expressed that the Council's service committees do not undertake scrutiny effectively and need more support in doing so. This was highlighted in the LGA Peer Review (Action 10: Give more time and emphasis to scrutiny across the Council).

- Some believe that committee systems of governance do not provide for rapid and responsive decision-making, and that bespoke service committees lead to siloed decisions. The recent Corporate Peer Review, whilst not suggesting that the committee system is not the right model of governance for the Council, did state (Action 8) that an urgent review of the Council's decision-making framework should be undertaken, noting that the Council needed to streamline its decision-making arrangements to avoid siloed working across committees. It further noted that the current arrangements created "confusion and lost capacity".

15 The question of speed of decision-making was considered in 2019 during the period prior to the Council's resolution to change its form of governance from a Leader and Cabinet system to a committee system. Some concerns were expressed about how quick decision-making would be under a committee system. These were countered by the view that specially arranged committee meetings could be convened when urgent decisions needed to be made. In practice, this is difficult to do given the diary commitments of Members, and the availability of accommodation, which can lead to the need for decisions to be made under urgency powers.

16 Views were also expressed in 2019 that executive decision-making ensured "joined-up" decisions, whilst others expressed concerns that it lacked transparency.

General issues

17 Councils that do not opt for the committee system must establish overview and scrutiny arrangements through which non-executive councillors can

scrutinise executive decisions. This is also seen as a way of making sure that executive members can get involved in policy development.

18 Over recent years, like Cheshire East Council, several councils have chosen to adopt a committee system. These include Wirral, Barnet, Brighton, Nottinghamshire, Isle of Wight, Bristol, Hartlepool, Kingston-upon-Thames and Reading. Sheffield moved to a committee system following a referendum.

19 The Local Government Association encourages local authorities that are considering changing governance arrangements to think about how their council should operate:

- **“Planning:** What is the purpose of the work? What is the scope of the work? How will your review encapsulate the views of all interested parties? How can you meet democratic expectations of local residents?

- **“Assessment:** How do we involve all members in policy development and integrate the public voice? What decisions are delegated to officers? How can we improve forward planning?

- **“Design:** Based on the strengths and weaknesses that you identify in the assessment, develop some principles for what an improved system might look like – eg member/officer relationships, how information is shared and used, role for councillors in performance/financial management.

- **“Consider how you will get there:** What changes to the way you work might be necessary in terms of both culture and structure? What structural options are available?

- **“Weigh up a formal change:** Is there a clear rationale for a formal governance change?”

Design principles

20 Prior to deciding to adopt a committee system of decision-making, Cheshire East Council produced “design principles” (Appendix 3).

21 These sought to emphasise the need for a new governance model which would reflect modern best practice, maximise the use of information technology, and ensure streamlined, efficient and quick decision-making.

22 They did not seek to replicate every element of historical committee system arrangements, which operated before the enactment of the Local Government Act 2000, but sought to facilitate the provision of a modern committee system which would meet the contemporary needs of the Council.

23 On 19 November 2020, when Council made its decision to cease operating a Leader and Cabinet model of governance and to implement a committee

system, the report it considered noted: “The Design Principles will be referred to in the future and will be used to assess whether desired outcomes have been achieved, or whether any necessary further amendments to the arrangements might be required”. It is suggested, therefore, that one of the first considerations which may be taken into account, is whether the desired outcomes of the Design Principles have been achieved.

24 It would seem that these Design Principles are still largely relevant and appropriate and should be retained as a reference point to assess whether the Council’s objectives have been achieved. However, they were drafted to reflect a change from a Cabinet system of governance to a Committee System. They should therefore be adapted to recognise that the Council’s existing decision-making arrangements might be improved, but retained, as well as creating flexibility for change to fundamentally different arrangements, should the Council wish to take this course of action. The original Design Principles (Part 1 of Appendix 3) have therefore been reproduced in amended form (Part 2 of Appendix 3) to create this flexibility, but also to reflect the recommendations of the LGA Corporate Peer Challenge.

Potential Changes to current arrangements

Introduction

25 Guidance suggests that, before any detailed consideration is given to changing governance arrangements, the first consideration should be whether any perceived issues with the current arrangements might be resolved by other means.

Issues and Solutions

26 Issues of which we are aware, together with some initial thoughts upon solutions, are set out below, and can be further considered by the working group which this report recommends to be appointed:

27 Speed of decision-making and siloed working: reduce the number of service committees, with these potentially meeting more frequently. Give further powers to the Corporate Policy Committee to make decisions which would otherwise fall to one or more service committee, where speed is of the essence.

28 Consideration may be given to the responsibilities of the Finance Sub-Committee becoming responsibilities of the Corporate Policy Committee thereby removing the need for the Sub-Committee, and that there should be just one Place committee.

29 The Council’s scrutiny function: improvements could be achieved by the creation of scrutiny working groups to advise service committees, potentially drawing upon the skills and experience of members who are not members of

the committees in question. At the time of writing this report, arrangements had been finalised for the provision of bespoke scrutiny training for Members, this to take place in January and February 2025. Service Committee work programmes and agendas have been improved to prompt officer and Member thinking so that consideration is proactively given to overview and scrutiny matters.

30 Duration of meetings: some take the view that the service committee memberships are too big. This can lead to overly long meetings, with many members speaking on each item of business. For example, if an agenda has eight items of business, 13 members speaking for their allotted three minutes, each item would last a minimum of 40 minutes, plus additional time for officers to present the item, to be dealt with. The whole meeting could last for over seven hours. Committee memberships could be reduced to nine, and "guillotine" arrangements could be adopted to curtail business after a set period of time.

31 A further matter for consideration may be to increase the frequency of committee meetings.

32 In response to Recommendation 8 of the LGA Peer Challenge Report, detailed work is taking place to improve the officer experience of the committee reporting process, and to provide improved training and guidance for officers. The Monitoring Officer has established an officer working group, with a membership of officers from different Council disciplines: Legal and Democratic Services, Communications, Organisational Development and Human Resources, Project Management, People and Place report authors etc.

Process for any Change from a committee system of decision making

33 The Centre for Public Scrutiny and the Local Government Association have produced a guidance document which sets out some considerations for councils that are considering changes to their governance arrangements:

Rethinking-Governance.pdf (cfgs.org.uk)

34 Appendix 4 to this paper sets out the considerations which the Centre for Public Scrutiny and the Local Government Association encourage councils to take into account when considering change.

Timescale and process for change

35 Once a local authority has changed its governance arrangements, unless there is a referendum which calls for a further change to these arrangements, it cannot change its governance arrangements for at least five years.

36 Formal changes to governance arrangements must take place at an Annual General Meeting, following a formal resolution by Council to do so. There must be sufficient time between the formal resolution and the Annual General Meeting for the Council to publish the resolution and to consult upon the proposal, if required.

37 In the case of the Council, this would mean that May 2026 would be the earliest date upon which a change from the existing committee system could be implemented, should it be the Council's wish to do so. As was the case when the Council changed its governance arrangements from a Leader and Cabinet system to a committee system, there was a period of 6 months between the formal Council resolution to do so in November 2020, and the Council's Annual General Meeting in May 2021, at which the new arrangements were implemented.

38 When the Council was considering a change from its previous Leader and Cabinet arrangements, it established a "Governance Working Group" to help steer the process. This Group subsequently became the Constitution Working Group, which has provided ongoing advice upon general issues of constitutional change. The Constitution Working Group, or a different working group comprising other Members, could perform this role should a change of governance need further consideration.

39 (See Appendix 5 for more details of the process for any change, and Appendix 6 for a recommended approach to this review). Appendix 7 to this report details some of the constitutional documents which would need to be adopted should a fundamental change to the Council's decision-making governance arrangements be required.

Financial considerations

40 The Council's current financial position is clear. Changing existing decision-making arrangements presents an opportunity to rationalise the committee structure. Alternatively, a fundamental change of governance arrangements would be an opportunity to create a new and effective form of executive arrangements. Both options should be seen as opportunities to make savings.

Conclusions

41 As was noted in the report to Council on 19 November 2020, "a change of decision-making arrangements by any local authority is a profound step to take". Having made the decision to do so, changing decision-making arrangements back to an executive system would, at least, be an equally profound step.

42 Other changes could be made to the Council's decision-making arrangements which would not involve changing its governance system. This can be

particularly seen in respect of the LGA Peer Challenge recommendations where immediate gains can be made.

43 Before determining the way forward, careful consideration should be given to the Design Principles which were agreed by Council in 2019 (as proposed to be adapted in this report), to establish whether they are still considered to be relevant; and whether they have been achieved. If the view is taken that they are still relevant and have not been achieved, consideration should be given to what might be done to address this.

44 This report proposes the establishment of a working group, the responsibilities of which include the above.

Consultation and Engagement

45 Consultation upon more fundamental changes to the Council's decision-making governance arrangements may be required or desirable. The proposed Working Group will give further consideration to the question of consultation as part of its work.

Reasons for Recommendations

46 To respond to the LGA Peer Challenge report recommendations and to the Notice of Motion which was referred to the Committee by Council.

Other Options Considered

47 It is proposed that all available options to improve existing arrangements, and to change decision-making arrangements will be considered in full by the proposed Working Group.

Option	Impact	Risk
Do nothing	This would be in conflict with the LGA Peer Challenge report recommendations and the wishes of Council.	That no improvements would be made to the Council's decision-making governance arrangements.

Implications and Comments

Monitoring Officer/Legal

48 The legal implications of this report are contained within the main body of the report.

Section 151 Officer/Finance

49 At this stage, the recommendations of this report seek agreement upon the appointment of a Member Working Group which will be asked to make recommendations to the Committee upon immediate changes to the Council's existing decision-making arrangements, as well as to consider whether more fundamental changes which might be made to the Council's decision-making governance.

50 When recommendations are brought forward and presented to the Committee, their financial implications will be considered and advice will be provided to the Committee upon them.

Policy

51 The following policy considerations apply, with reference to the Cheshire East Plan 2024-25:

An open and enabling organisation
The Plan commits the Council to being an "open and enabling organisation" with "transparency in all aspects of Council decision-making". Whilst this is naturally focussed upon the committee system, and whilst one potential outcome of this proposed review might lead to other arrangements, it is most important to note that the committee system might be endorsed as the right decision-making system for the Council. This report seeks to secure improvements to decision-making, irrespective of what system of decision-making will apply in the future.

Equality, Diversity and Inclusion

52 Equality, diversity and inclusion will be most important issues for the proposed Working Group to consider as part of the proposed review.

Human Resources

53 The proposed establishment of a Working Group does not create human resources implications. As and when such implications arise, these will be taken into account.

Risk Management

54 The establishment of a Working Group does not create any apparent risks; rather, the proposals contained in this report seek to ensure that

risks are minimised. The Working Group will take into account any issues which create risks, as part of their work.

Rural Communities

55 There are no direct implications for rural communities.

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

56 There are no such direct implications.

Public Health

57 There are no such direct implications.

Climate Change

58 There are no such direct implications.

Access to Information	
Contact Officer:	Brian Reed Brian.reed@cheshireeast.gov.uk
Appendices:	Appendix 1: Notice of Motion to Council Appendix 2: Different governance structures Appendix 3: Design Principles (existing and adapted) Appendix 4: How to go about it-the “thinking toolkit” Appendix 5: Timescale for any change Appendix 6: Proposed approach to the review Appendix 7: Constitutional documents required to facilitate a change to a different model of governance Appendix 8: Scope of review of Council decision-making and governance Appendix 9: Responsibilities of proposed Decision-Making and Governance Working Group
Background Papers:	All background documents are referred-to within the main body of this report.

Appendix 1

Notice of Motion to Council: 16 October 2024

The Council's Governance Arrangements

At the Council's Annual General Meeting on 22 May 2019, Council resolved to express its commitment to implementing a change of its decision-making governance arrangements, comprising the cessation of the Leader and Cabinet model of governance, and the implementation of a full committee model of governance.

Following much preparatory work, on 19 November 2020, Council resolved amongst other things, to cease operating the Leader and Cabinet model of governance, and to implement a committee system model of governance, this to take effect from the Annual Council Meeting on 12 May 2021. Since then, the Council has operated committee system arrangements.

The committee system has now been in operation for over three years, and it is appropriate and timely for members to consider the benefits or otherwise of this system of governance.

Between 24-28 March 2024, the Local Government Association undertook a Corporate Peer Challenge of the Council, which concentrated upon a number of issues, including the Council's governance arrangements.

The LGA's report included observations and comments upon the Council's governance arrangements, together with a recommendation, which are set out in the Appendix to this Notice of Motion.

Notice of Motion

Council calls for a full report to be prepared and presented to the Corporate Policy Committee on or before 6 February 2025, which will:

- Include information from Members of their experience of the current committee system.

- Set out details of how any change in the Council's governance arrangements might be made, the implications of such a change, and the timescale within which such a change might be implemented.

- Provide details upon any other pertinent matters, such as financial implications and the potential impact of such a change upon the speed and effectiveness of decision-making.

LGA Corporate Peer Challenge Final Report 2021 (cheshireeast.gov.uk)

Appendix 2

Different governance structures

Executive arrangements:

"Executive arrangements" is a term often used to describe formal decision-making arrangements which enable individuals or non-politically balanced groups of senior Members to formally make decisions.

The Executive is responsible for proposing the policy framework and budget to full Council and for implementing the local authority's policy framework. Decisions implementing the Council's policy framework and budget can be taken collectively by the Executive or delegated to individual members of the Executive, officers, committees of the Executive or devolved structures.

The different types of Executive arrangements are explored below.

Directly elected Mayor

A mayoral system functions under a Mayor, who is directly elected by electors in the local authority area. The Mayor has a wide range of decision-making powers similar to those of a Cabinet in a Leader and Cabinet model local authority.

The Mayor appoints their Cabinet of Councillors, who may also have their own decision-making powers. This system must have at least one overview and scrutiny committee which is responsible for holding the Mayor and Cabinet to account.

In Councils with a directly elected Mayor, the budget and policy framework are proposed by the Mayor and can only be amended or overturned by the Council with a two-thirds majority. This form of governance is the least common with only 13 local authorities having this arrangement.

Leader and Cabinet

Most councils operate a Leader and Cabinet model.

This system, introduced by the Local Government Act 2000, is the most common form of governance. In some councils, individual members of the Cabinet have a specified "portfolio" of responsibilities, as well as individual decision-making powers. In others, decisions must be made by the whole Cabinet. There also can be arrangements whereby certain categories of decision must be made collectively by Cabinet, whilst other decisions can be made by individual Cabinet members.

Cabinet is led by a Leader, who is elected by full Council for a term determined by the Council itself or on a four yearly basis. Councils which conduct business under this model are required to have at least one overview and scrutiny committee to hold the Leader and Cabinet to account.

Non-executive arrangements:

Committee system

This was the only model of decision-making governance which was available to local authorities prior to the enactment of the Local Government Act 2000. Now, only a small number of Councils opt for a committee system.

Under this system, Councils have politically balanced committees that make decisions. As such, these Councils are not required to have an overview and scrutiny committee, though some do have one or more.

This model does allow for variations in the number of committees which make decisions, and their remits.

Other options/variations

There are variations for each of these models that can lead Councils to adopt hybrid approaches, including a Mayoral/Cabinet model; most common is a hybrid between Leader/Cabinet and the committee system (with such an approach usually seen legally as being a modified version of the Leader/Cabinet system, and therefore not requiring a formal change under the legislation). Such an option would make greater use of Cabinet committees with powers to make decisions, or advisory committees /working groups which would advise Cabinet or individual Cabinet members, before decisions are made.

Councils also have the option of suggesting an approach of their own to the Secretary of State. No detailed criteria have been set out for how the Secretary of State would come to a decision about whether or not to approve any option suggested under this part of the legislation.

Appendix 3

1. Original Design Principles

Openness

The new form of governance (committee system) will be easy to understand and will include arrangements that enable people to easily find out about how decisions are made. Committee meetings will be held in public by cross party (politically proportionate) committees. However, as is the case in all local government decision-making there will be rare occasions upon which a particular report is private or confidential. In these instances the decision will need to be made in private and members of the public will not be able to be present during the meeting. There will be the opportunity for Councillors and Members of the public to ask questions at committee meetings and it will be clear how complaints can be made about services and Members behaviour.

Quick Decision Making

The new arrangements will ensure that decisions are made quickly, to meet the needs of the council and local community. The number of committees and number of meetings will be kept to a minimum, and technology will be used to provide instant access to information and avoid unnecessary paperwork. Paper copies will be provided upon request by members. There will be a process to deal with urgent decisions, which will be clear and, in most cases, open to the public. The need to make urgent decisions is, however, rare.

Affordability

Through the use of technology and a quick, streamlined decision making process, the cost of a committee system will be kept to a minimum.

Legal Requirements

The council must comply with all legal requirements and relevant legislation. Where required, legal advice will be available to all meetings, to make sure that legal requirements are met. The council will also follow best practice.

A Modern Committee System

The Committee system will be modern, open and transparent. Public participation will be encouraged. There will be the opportunity for public speaking and petitions. There will also be a work programme outlining what decisions will be made and by which Committee. There will be a separate Scrutiny Committee to look at health partners, crime and disorder and flood risk management. The Scrutiny Committee will be able to look at future proposed decisions in these areas, and seek to influence them.

2. Design Principles: adapted for the purposes of the review

Openness

The Council's decision-making and governance arrangements will be easy to understand and will include arrangements that enable people to easily find out about how decisions are made. Meetings will be held in public in accordance with legislation. However, as is the case in all local government decision-making, there will be rare occasions upon which a particular report is private or confidential. In these instances, the decision will need to be made in private and members of the public will not be able to be present during the meeting. There will be the opportunity for Councillors and Members of the public to ask questions at public decision-making meetings and it will be clear how complaints can be made about services and behaviour of Members.

Quick Decision Making

The Council's arrangements will ensure that decision-making is streamlined and that decisions are made quickly, to meet the needs of the Council and local community. The number of decision-making bodies and the number of meetings will be kept to a minimum, and technology will be used to provide instant access to information and avoid unnecessary paperwork. Paper copies will, exceptionally, be provided upon request by Members. There will be a process to deal with urgent decisions, which will be clear and, in most cases, open to the public. The need to make urgent decisions is, however, rare.

Decision-making will be driven through the use of effective work-programming

Affordability

Through the use of technology and a quick, streamlined decision-making process, the cost of the Council's arrangements will be kept to a minimum.

Legal Requirements

The Council must comply with all legal requirements and relevant legislation. Where required, legal advice will be available to all meetings, to make sure that legal requirements are met. The Council will also follow best practice.

A Modern Decision-Making System

The Council's arrangements will be modern, open and transparent and will not be siloed. Public participation will be encouraged. There will be the opportunity for public speaking and petitions. There will also be a work programme outlining what decisions will be made and by which decision-making body.

Clarity and efficiency: the Council's decision-making arrangements will reduce confusion and lost capacity. Officers seeking formal decisions will be clear in respect of reporting arrangements and of how to obtain decisions, with appropriate delegation of decision-making powers to officers.

Overview and scrutiny:

There will be appropriate Scrutiny arrangements which will comply with legislation, and which will make provision for future proposed decisions to be scrutinised and influenced.

The importance of scrutiny will be championed by officers and Members.

Forward-planning and agenda-setting will be improved and prioritised so as to maximise Member input into the decision-making process.

Appendix 4

LGA/Centre for Governance and Scrutiny: How to go about it-the "thinking toolkit"

- Step 1 Plan your approach and assess your current position
- Step 2 Consider some design principles
- Step 3 Think of ways to meet these objectives and put a plan in place
- Step 4 Make the change
- Step 5 Return to the issue after a year and review how things have gone

This process assumes that you only start looking at the design of new structures at step three. It is not about looking at the pros and cons of different structures, or considering structural options and developing a post hoc justification for them. Most important is obtaining a real understanding of the underlying political and cultural issues which, between them, may be driving the apparent need to change the way the council does business. However, we recognise that councils might be entering this process from a variety of situations, arising from political or strategic necessity. We hope that the questions at each stage will prove useful regardless of where you enter the process.

Step 1: plan your approach and assess your current position

CfPS has developed a framework called 'Accountability Works for You' which can be used to evaluate your current position.

The first thing to do will be to establish the purpose of the work: why do you want and need to change your governance arrangements? A variety of people in your council may have different views of what this purpose is; this is why it is important to set down what those (potentially differing) views are at the outset. This will give you a baseline on which to build, and judge, the rest of your work. As you need to operate within the framework of the Act you should seek advice from your monitoring officer, who has a statutory responsibility for making sure council's comply with the law.

The next step is to establish a scope for the work – where you want it to lead and how you will get there – which will be based on the work's purpose. This is a scope for the review of governance itself, not for the change in governance.

The scope might consider the following issues:

• How will the authority ensure that this work – from the consideration of options, to the implementation and review of new arrangements – will be led by elected members?

• How will we make sure that this review of governance gets the views of all interested parties?

• How wide should we look? Is this a review just of internal council decision-making, or are there knock-on impacts on partners, who may need to be involved?

• How can we ensure that the broad democratic expectations of local residents are built in to this study?

• Who will lead the review?

The tools of appreciative inquiry can provide a good way to approach this issue. Having this general discussion at the outset will set some broad parameters for the work, and it will also help to manage expectations of what can, and cannot, be achieved through governance change.

Assessment

Assessing how you currently make decisions is not just about drawing a map of your systems or processes, or looking at individual bits of your governance arrangements separately. It is about taking an approach to the way you make decisions which recognises that the systems you adopt for member decision-making have an impact on everything you do. It is also about considering how you engage a wide range of stakeholders in that decision-making process.

If you are considering a significant change such as a formal shift in your governance arrangements, which could lock you in to a new decision-making structure for five years, you need to have carried out this fundamental exercise beforehand. It is potentially intensive, but will have benefits that reflect that good governance is not just about democratic services or even the internal workings of the council; it is also about the relationship between your authority, its elected members, partners and the public.

Some of the things that you might want to consider will include:

• How do we involve all members – not just in the way that decisions are made, but in the way that policy is developed?

• How is the public voice integrated in the way decisions are made – at neighbourhood and authority-wide level?

• What decisions are currently delegated to officers, and what decisions (under leader/cabinet and mayor/cabinet) are currently delegated to individual cabinet members?

• How are members involved in the evaluation and review of decisions once they are made (in particular, in-year performance management and budget monitoring)?

• How can we improve our forward planning arrangements to open out decision-making, and policy development? Are there ways in which we can make things like background papers more easily accessible?

Step 2: consider some design principles If you have undertaken an initial assessment you will have identified some strengths (practice and ways of working that you want to keep) and some weaknesses (ways of working that you want to stop or change substantially). These strengths and weaknesses might reflect the attitudes and behaviours of council decision-makers (both members and officers), partners, the public and others, as well as reflecting structural issues. Some examples include:

• <u>Strengths and weaknesses in the member/officer relationship</u>. This might look like, for example, a commitment to involve all members in the policy development and decision making process, through scrutiny, area committees, partnership boards and cabinet decision-making as appropriate, or conversely an officer-led process where only cabinet members are seen to have any stake in decision-making and non-executives are relegated to the position of passive spectators.

• <u>Strengths and weaknesses in the way that forward planning/work programming occurs</u>. This might look like, for example, clarity and consistency in the way that officers approach policy development and decision-making, with plans being kept to and important, strategic decisions identified, or conversely a muddled plan composed of a mixture of operational and strategic decisions which reveals little about the priorities of decisionmakers, or the way in which they formulate decisions.

• <u>Strengths and weaknesses in the way that information about decisions (including background papers) are published and used</u>. This might look like, for example, proactive efforts to publish background papers as they are produced, and attempts made to respond positively when the assumptions in those background papers are challenged by others, or conversely an opaque system whereby attempts are not made to justify decisions and engagement is tightly controlled through consultation processes that are wholly divorced from the formal decision-making cycle.

• <u>Strengths and weaknesses in the way that the council involves the public in major decisions</u>. This might look like, for example, a commitment on major policy changes to engage those most affected by those changes, or conversely a more defensive attitude that sees members or senior officers exerting control over the agenda for fear that the public will derail necessary decisions.

These strengths and weaknesses, and others like them, are not strengths and weaknesses in the various governance options per se. They are strengths and weaknesses in the way that your existing governance arrangements work in your council. You can use this to develop some design principles. These should not be vague, general aspirations such as making the council operate more democratically or enhancing transparency. They should be tangible aims that you can return to in future to help you to come to a judgment on whether your new systems are working or not. For example, you could state that any new governance system should:

• involve all councillors in the development of key policies

• identify key evidence sources for major decisions and demonstrate how they are being used to inform the substance of that decision This is likely to become of increased importance, especially as a “duty to consult” may be introduced as part of the Deregulation Bill. 8 Rethinking governance

• focus member involvement on strategic decision-making; design officer delegations to focus on operational decisions – design the budget and policy framework to reflect this fundamental principle

• provide a key role for councillors in performance management and in-year financial monitoring that takes account of their unique perspective as elected politicians.

These are just examples to demonstrate the clarity you need in your objectives; there may well be others that are particularly important for your council.

Step 3: think of ways to establish a system that meets the requirements of these principles and put a plan in place

How will you get there? What changes to the way you work might be necessary in terms of both culture and structure?

Some issues to think about that relate to culture and attitudes include:

• How to establish clearer, more consistent and less arbitrary rules to define what does and does not go on the forward plan as a key decision.

• How to ensure that the procedure for dealing with key decisions contains provision for involving all members and members of the public.

• Whether such provision can be made under your existing arrangements (assuming that you operate the leader/cabinet model). This would involve consideration of whether moving to a new governance option (for example, the committee system) would provide members with the assurance that they will be involved in making decisions on strategic issues.

• How to tighten up (in terms of methodology) and open out (in terms of transparency) performance management systems – including the potential for more member involvement. Greater transparency for the public is a useful by-product of such an approach.

Different design principles, and different approaches to meeting the requirements of those principles, will require different structural solutions, for example:

• minor changes to the constitution to strengthen the existing forward plan

• more major changes to schemes of delegations, financial procedures, performance management systems and/or systems used to engage with the public, within your existing governance option

• formal changes to member decision-making structures that stop short of a formal governance change – for example, the adoption of a hybrid system

• an all-out change from one governance option to another under the Local Government Act 2000.

You may find that your objectives and design principles can be met without a formal change in governance. You may, for example, be able to meet them by bolstering the role that councillors play through the overview and scrutiny process. As part of this process, you may find it useful to consider the risks in taking either formal or informal action to change governance arrangements, and to establish how you will seek to mitigate those risks.

<u>Consider the different structural options available</u>

In the CfPS publication ‘Musical chairs’ we suggested that there was a spectrum of different governance options available to councils.

If your exercise leads you to consider that structural change may be appropriate, you will need to decide which of these options will make it easiest for you to achieve your design principles. This is not an exhaustive list of options, nor is intended to set out the pros and cons of any one approach. The pros and cons will vary for every council based on the political and organisational context, and councils must take their own independent legal advice on the implications of any proposed option.

• A leader-cabinet system with individual cabinet member decision-making (as seen in most English authorities) is the standard approach which the majority of councils currently operate.

• A mayor, with various different approaches to cabinet autonomy (as seen in Hackney, Bristol, and Hartlepool before 2013); different mayors take different approaches to the appointment of their cabinets, and the amount of powers those cabinets have.

• A traditional committee system (as seen in Nottinghamshire) which will have a relatively large number of service committees which will often align fairly closely with council departments. There may or may not be a coordinating policy and resources committee to knit together work programmes. This approach will usually require frequent meetings to deal with cross-cutting issues and, hence, careful planning by officers.

• A streamlined committee system (as seen in Brighton and Hove) will consist of two or three service committees, which may be supplemented by one or more overview and scrutiny committees. This was the common approach taken in what were formerly known as fourth option councils, those shire district councils who opted to retain the committee system between 2000 and 2012.

• A hybrid system (as seen in Kent) whereby a cabinet ratifies decisions made by a number of cabinet committees. This requires a political assurance by the leadership that such ratification will happen.

• A leader-cabinet system with collective cabinet decision-making (as seen in Sutton before 2012) has collective decision-making at cabinet, with a leader who chooses to act accordingly. Under this model the cabinet does not delegate power to individual cabinet members to make decisions, although delegated decision-making by senior officers will still happen in consultation with lead members.

Weighing up a formal change

This part of the exercise will be the point at which members actually decide whether formal governance change is necessary. Having a clear rationale for this is critical. It is therefore not a decision you should attempt to make at the beginning of the process. However, a situation might occur where this decision has been taken at an earlier point in the process and you will need to think about how the ideas outlined in earlier steps can be brought into the implementation of a new system.

Your rationale should identify how and why a change will help you to strengthen governance in a way that would not be possible through other means. For example:

• It may be a means of embedding a new culture of decision-making, where the protection afforded by the law and the constitution are seen as a backstop.

• It may be seen as a necessary component in a wider approach to improving the way decisions are made; for example, more effective partnership decision making or the devolution of decision-making responsibilities to a ward or divisional level.

• It may provide a means of signaling within the authority, and to those outside it, of a break with past practice and a commitment to do things better; however it will not achieve these improvements on its own.

The fundamental judgement – why make this change? – is something that will be different for every authority. The political and organisational context within which your council sits will affect the changes you make. For example some changes that, in another council, might be seen as requiring formally moving from one governance option to another to be fully embedded, in your instance may not be seen as demanding such a change.

It is important to be self-critical at this point in the process. This is the final stage before you start to undertake work to implement the change itself and an opportunity to challenge assumptions and to set out the fundamental reasoning behind your decision.

Step 4: making the change

The following are the various different council processes and systems that may need to be looked at when you are amending your decision-making arrangements, and any relevant legal issues should also be considered. You will need to think about the way you design these changes, and the way that members make decisions on their implementation (which will usually be at full council):

• financial procedures, including the operation of audit

• access to, and publication of, performance scorecards and quarterly financial monitoring information

• the forward plan and corporate work programme • changes to committee structures (which can happen at a time other than at Council AGM)

• formal changes in governance, which incorporates all of the above changes.

It is important that the way in which these changes are made itself reflects the design principles which you have established for your new governance system. You might also want to consider a risk plan so that you can be aware of issues or situations that could negatively affect your proposed arrangements.

The formal move from one governance option to another will take effect following the council's AGM, with a resolution of full council having to have been made beforehand. This earlier resolution needs to be made in good time, to allow for the council to undertake any necessary consultation with notice requirements set out in the Act.

Step 5: return to the issue and review how things have gone

It is important to evaluate how things have gone after a year or so, in order to see whether the resources you have expended in making the change in governance have made the difference you hoped.

This need not be a complicated bureaucratic exercise – just a short assessment of the position, informed by insight from councillors and any other interested parties. Doing this at the time of council AGM gives you the opportunity to make any necessary tweaks to the constitution.

If the changes have not resulted in the outcome you were trying to achieve, there are ways and means of addressing that. The detailed work carried out the previous year to plan and deliver the new governance arrangements will help with this. It may have been that your plan was too ambitious, or there may have been factors – internal or external – that were not taken into account, or that were difficult to predict (political issues, for example). If you developed a risk plan it will be much easier to identify and act on any failings.

You can review the likely reasons for the failure and take action to address them.

Appendix 5

Process for any change

Any fundamental change in the Council's governance arrangements cannot (in these circumstances) take place until the Council's Annual General Meeting in May 2026, just over 16 months away.

Before that, a recommendation to do so would need to be made by the Corporate Policy Committee to Council, and Council would need to resolve to make the change. Guidance indicates that, following the Council resolution, and before implementing the change, consultation should take place. In advance of the change to the committee system in May 2021, Council had resolved to do so in November 2020. If a similar approach was adopted, a full report would need to be considered by the Corporate Policy Committee in under 12 months' time from the date of preparation of this paper, or 9 months ahead of the consideration of the Notice of Motion by the Committee. However, the progress of the proposed review might enable an earlier report to the Committee and Council.

Here is an indicative summary of the process of change:

Activity	**Information**
Notice of Motion considered by Corporate Policy Committee and resolution to establish Working Group.	6 February 2025
Meetings of working group to consider options for changed arrangements.	
All-Member briefings and feedback.	
Working Group to consider Member feedback.	
Recommendation to change governance arrangements and approval of relevant documentation.	Corporate Policy Committee
Council resolution to move to any new governance arrangements.	October 2025, or sooner
Publication of proposed new governance arrangements.	October 2025
Consultation and consideration of consultation responses	October 2025-December 2025
Implement any new governance arrangements	May 2026

Appendix 6

Proposed approach

The following analysis is based, for illustrative purposes, upon any proposed changes to the Council's current system of governance, whether such changes relate to the type of decision-making system, or otherwise. Nevertheless, the matters referred-to below would, in some way, need to be addressed in whichever form of executive arrangements the Council might choose to adopt.

Drawing upon the matters referred-to in the Motion which Council resolved to support in October 2024, the following work areas arise:

1. Establish an officer and Member working group to steer the work required in order for the Committee to determine whether any changes/improvements should be made to the existing arrangements, or whether more fundamental changes should be made. One option would be for the Constitution Working Group (CWG) to take-on this role, with officers put forward by the Monitoring Officer, with relevant specialisms, to contribute to the work of the working group as appropriate. If it was the wish of Members that an entirely new working group should be established to undertake this role, Members would need to consider its composition. Such a working group could comprise nine members of Council (4 Con: 3: Lab: 2 Ind) in line with the Council's political proportionality, with a standing invite to a representative of the Liberal Democrat Group to attend on a non-voting basis, and officers as suggested above.

2. Consideration should be given to whether the existing committee system arrangements have fulfilled the Design Principles which were agreed by Council in 2019 as the basis upon which the committee system would be founded. If not, work should be undertaken to establish whether there are measures which might be put in place to address this or whether, in fact, the Council's priorities for its decision-making arrangements have changed. The above working group should consider the design principles and associated matters as one of its first tasks.

3. Appendix 4 sets out the LGA and Centre for Public Scrutiny detailed thinking upon potential changes to governance arrangements. The working group could consider using this "toolkit" to plan its approach, designing any new arrangements, and changing to such arrangements.

4. In the months before Council resolved to make the last governance change, member workshops took place. It would appear to be appropriate for the working group to consider arrangements for member workshops which could be used to hear the views and suggestions of members both in respect of their experience of the existing arrangements, as well as any views etc upon any different arrangements.

5. The proposed working group should make early informal recommendations to the Corporate Policy Committee upon any suggested changes to the Council's existing decision-making arrangements as well as upon the question of whether or not a different model of governance should be pursued. This would then provide a firm basis for the working group's ongoing work.

6. All members of the Council should have a part in shaping the Council's governance arrangements, whether by approving changes to the existing arrangements which need to be included in the Constitution, or by being given the opportunity to make their views known. Briefings and workshops might provide an opportunity for this and woulld secure member views prior to the working group considering any proposed change to the Council's model of governance, as well as further engagement upon the development of proposals, if changes were recommended.

7. Consultation issues should be carefully considered.

8. As was the case when the Council changed its arrangements to a committee-system, if a further change was felt to be in need of close examination, it would be appropriate for other best-practice models of executive arrangements to be considered.

9. In order to illustrate what would need to be achieved, should a change to a different model of decision-making governance be pursued, Appendix 7 lists a number of documents which would need to be drafted and formally agreed by Council in order to facilitate a move to a Leader and Cabinet system of decision-making. The working group would need to receive reports from officers upon these documents and then consider them before making an informal recommendation to the Constitution Committee.

10. Work programming: work would need to be carried out, well in advance of any change of decision-making arrangements, to ensure that existing programmed work could be dovetailed into a new calendar of meetings, and that expected work for the new municipal year could be accommodated.

Appendix 7

Constitutional documents required to facilitate a change to a different model of governance

1. Constitutional changes arising from functions to be decided by the executive, executive members, local-choice functions etc
2. Political composition of the executive
3. Executive Procedure Rules
4. Calendar of Meetings: executive and executive members (where executive members have decision-making responsibilities)
5. Executive member “portfolios and decision-making powers (delegations)
6. Changes to officer decision-making powers to facilitate the above
7. General and consequential changes to the Constitution arising from the above
8. Urgent decision-making powers eg Chief Executive in consultation with Leader and Deputy or executive members
9. Scrutiny Committee: composition and chair
10. Scrutiny Procedure Rules
11. Changes to Members’ Scheme of allowances
12. Executive advisory panels or committees, should they be needed
13. Style of reports to the executive or executive members

Appendix 8

Scope of review of Council decision-making and governance

Scope of work:

The review will comprise a full analysis of the Council's decision-making and governance arrangements, as they currently are, in order to establish how these might be changed/improved so as to respond appropriately to the Notice of Motion, submitted to Council on 16 October 2024 (Appendix 1), and the LGA Corporate Peer Challenge recommendations 8&10 (section 3 of the report to Corporate Policy Committee-6 February 2025); or alternatively whether and, if so, what and how, new decision-making and governance arrangements should be introduced.

The review will involve all Members of the Council, as well as key Council officers, but will be driven-forward by a politically proportionate informal working group of the Corporate Policy Committee, responsible for making recommendations to the Committee.

Review deliverables:

The review will deliver recommendations to the Committee, which will make recommendations to Council upon the changes/improvements referred to above.

Council will consider these recommendations and will determine whether and what changes should take place.

Review milestones: as detailed in Appendix 5 to the report.

Appendix 9

Responsibilities of proposed Decision-Making and Governance Working Group

The Working Group will:

1. Not be a decision-making body of the Council.
2. Make recommendations to the Corporate Policy Committee.
3. With reference to the original Design Principles agreed by Council, and to the adapted Design Principles which are recommended for adoption, consider and analyse the Council’s existing decision-making and governance arrangements and make recommendations to the Committee upon the following matters:
    a. How these might be changed and improved to respond to the Notice of Motion at Appendix 1 of the report to the Committee on 6 February 2025 and to the Corporate Peer Challenge recommendations 8&10 or alternatively,

       (Noting that any agreed changes which can be made to improve the Council’s existing decision-making arrangements should be the subject of immediate recommendations to the Committee).

    b. whether and, if so, what and how new decision-making and governance arrangements should be introduced.
4. Determine how the review should be conducted and which stakeholders should be involved (subject to all Members being given the opportunity to to contribute to the review, and to statutory and other key officers being given the opportunity to advise) and then to drive-forward the review.
5. Use, as the basis for the review, the resources identified in the report to the Committee on 6 February 2025, together with such other resources which it considers to be helpful to the review, including:
    a. The LGA Peer Challenge Final Report
    b. The adapted Design Principles (part 2, Appendix 3)
    c. The “Rethinking Governance” toolkit (Appendix 4)

OPEN

Corporate Policy Committee

6 February 2025

Notice of Motion – Broadcasting and Recording Equipment

Report of: Acting Governance, Compliance and Monitoring Officer

Report Reference No: CPC/44/24-25

Ward(s) Affected: All

For Decision or Scrutiny: Decision

Purpose of Report

1 Following a Notice of Motion submitted to Full Council at its meeting on 16 October 2024, this report provides options for improving the quality of live streaming audio / video at Committee and Full Council meetings.

Executive Summary

2 On 16 October 2024, Councillor L Wardlaw submitted the following Notice of Motion to Full Council:

(a) ‘Will this Council commit to improving its broadcasting and recording equipment in the interest of openness, fairness and a wider access to democracy. It is now over a year since Cheshire East Council has been made aware of the poor sound quality of its broadcasts and recordings, and yet the problem remains unresolved. The recurrent failure of its live broadcasting and the delays in recordings being available is unacceptable. We have made a commitment to deliver this service to our residents, but we fail at every meeting held. The situation is anti-democratic, unprofessional, and unacceptable. Democracy is not well served when it cannot be easily accessed. The current service is inadequate. An improved offer is needed, and I ask that this be considered as a priority’.

3 On occasions, there have been issues with temperamental equipment and acoustics in meeting rooms, which has led to poor quality recordings of committee meetings, resulting in those listening to the meetings remotely, struggling to hear the committee debate and vote. However, every effort is given to ensuring that a back-up recording is available. This report provides options available to address these issues.

4 It should be noted that there is no statutory requirement for Councils to broadcast their Committee or Full Council meetings in audio or visual format, and given current budget pressures, consideration should be given as to whether the improvements suggested are considered as essential spend.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Consider whether the Council should implement any of the measures, as outlined within the report in paragraph 10, to improve the quality of recording of public meetings.

2. Subject to the resolution of recommendation 1, approve that the Acting Governance, Compliance and Monitoring Officer be given delegated authority to proceed with required procurement and contractual processes to achieve the wishes of the Corporate Policy Committee.

Background

5 Historically there have been issues with the quality of a minority of audio recordings at Committee meetings held in Westfields, Crewe Municipal Buildings, Macclesfield Town Hall, and Full Council meetings held in Macclesfield Town Hall.

6 In the future, the majority of Committee meetings will be held in the new Committee Suite at Delamere House. The new Committee Suite once developed, will be Microsoft Teams enabled, and all meetings will be video streamed in this way, which will significantly improve the quality of recordings.

7 As part of the MTFS, Full Council agreed at its meeting held on 27 February 2024, in relation to the cost of democracy, that meetings should be held in Council owned buildings, and since the closure of

Westfields alternative venues have been sought for Committee meetings.

8 Due to the poor acoustics in the Assembly Rooms at Macclesfield Town Hall, recent Full Council meetings have been held at Jodrell Bank. However, this is not a permanent solution as it is not a Council-owned building (as above) and is not easily accessible via public transport. Similarly, the acoustics for meetings held in the Capesthorne Room, Macclesfield, have been poor. Poor room acoustics detrimentally impact the quality of meeting recordings to some extent, but there is no easy or inexpensive solution to this.

9 In order to address the above issues at Full Council meetings, arrangements have been put in place to allow members of the public to view and to participate in Council meetings from Delamere House, Crewe, and from Macclesfield Town Hall.

10 Quotes have been received from companies specialising in council audio and video broadcasting:

	Quote 1	Quote 2	Quote 3	Quote 4
Scope	To install Microsoft Teams enabled equipment in the **Capesthorne Room in Macclesfield Town Hall** for Committee meetings.	To install live video streaming equipment in the **Assembly Room in Macclesfield Town Hall** for Full Council meetings. And To install live video streaming equipment in the **Capesthorne Room in Macclesfield Town Hall** for	To install live streaming equipment through Microsoft Teams enabled equipment, plus enhanced features in the **Assembly Room in Macclesfield Town Hall** for Full Council meetings. And To install live streaming equipment through Microsoft	To install Microsoft Teams enabled equipment in the **Assembly Room in Macclesfield Town Hall** for Full Council meetings.

		Committee meetings.	Teams enabled equipment in the **Capesthorne Room in Macclesfield Town Hall** for Committee meetings.	
Cost	Approximately £90,000	Approximately £89,000 over a 5-year period	Approximately £155,000	Approximately £114,000

11 In readiness for the potential change in legislation relating to virtual attendance at meetings, the software in quotes 3 and 4 will provide the Council with the ability to facilitate this.

12 Members are asked to consider whether, in light of the Council's current budget pressures, they wish to progress with any of the options provided above.

13 Alternatively, the Council could continue with existing arrangements or choose to not broadcast its meetings at all.

Consultation and Engagement

14 No consultation has taken place.

Reasons for Recommendations

15 Full Council resolved that this matter be considered by the Corporate Policy Committee.

Other Options Considered

Option	Impact	Risk
Do nothing and accept the limitations of the current technology used.	Potential criticism of the Council not being Open and Transparent	Poor recording of Council and Committee meetings.

Implications and Comments

Monitoring Officer/Legal

16. There is no statutory requirement for public meetings to be broadcast. The requirement is for public access.

17. The new Committee Suite once developed, will be Microsoft Teams enabled, and all meetings held in this room will be video streamed in this way.

18. Meetings will still take place in the Capesthorne and Assembly Rooms in Macclesfield, and what is being proposed is additional to the currently programmed improvements and so it not within current budget provision. Any decision to implement new measures will need to be funded which will mean identifying savings or an increase in base budget.

Section 151 Officer/Finance

19 There is no revenue budget available to meet the cost of these proposals, if agreed to proceed, a one-off pressure of up to £155,000 will be placed on the council budget, and would require an adjustment to the Medium Term Financial Strategy (MTFS).

Policy

20

An open and enabling organisation **Open and transparent**

Equality, Diversity and Inclusion

21 Improvements to the broadcasting of meetings would assist all residents accessing and contributing to the democratic process of the Council.

Human Resources

22 None

Risk Management

23 To do nothing, the Council would need to accept the limitations of the current facilities.

Rural Communities

24 Improvements to the broadcasting of meetings would assist those residents living in rural communities in accessing and contributing to the democratic process of the Council.

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

25 None

Public Health

26 None

Climate Change

27 Improvements to the broadcasting of meetings would assist all residents accessing and contributing to the democratic process of the Council remotely and therefore reducing the need to travel.

Access to Information	
Contact Officer:	Brian Reed – Head of Democratic Services Brian.reed@cheshireeast.gov.uk
Appendices:	None
Background Papers:	None

OPEN

Corporate Policy Committee

6 February 2025

Notice of Motion - Agreed Framework for Delivery of Services at a Local Level

Report of: Karen Wheeler, Interim Assistant Chief Executive

Report Reference No: CPC/53/24-25

Ward(s) Affected: All

For Decision or Scrutiny: Decision

1. Purpose of Report

1.1 To respond to the Notice Of Motion submitted at Full Council on 16th October 2024, outlined in section 3.1 of this report, which proposes to develop an agreed framework for delivery of services at a local level. The framework, if agreed, would take into consideration both the existing ability for Cheshire East Council to work collaboratively with Town and Parish (local) councils and further opportunities that may arise from the delivery of the Transformation Plan and government's devolution agenda.

1.2 This report sets out a proposed approach using the LGA's "Local service delivery and place-shaping: A framework to support parish and town councils" to develop this within the borough.

1.3 This report also highlights the need for additional independent, external support and capacity through the Cheshire Association of Local Councils (ChALC) to coproduce this framework and embed implementation into the council's approach to partnership working.

2. Executive Summary

2.1 The report responds to the Notice of Motion raised at Full Council on 16th October 2024, which proposed developing an agreed framework for local service delivery and which was referred to the Committee by Council and is outlined in section 3.1 of this report. The report suggests using the LGA's "Local service delivery and place-shaping: A framework to support parish and town councils" to create a framework which will guide the development of local service delivery within the borough, building on existing activity and considering opportunities from the Transformation Plan and devolution agenda.

2.2 The council is already able to work together with Town and Parish Councils to explore opportunities for delivering services differently for the benefit of residents and communities. A recent example is the Library Strategy, where the council is delivering services through a 'community managed' approach, meaning working in partnership with local councils, community groups and organisations, who help to maintain and enhance the services available.

2.3 There is a need to further consider innovative and different ways of working and service delivery models as part of the Transformation Plan and as an enabling and collaborative partner as set out in the new operating model. Establishing a framework will ensure a fair and consistent approach, including where devolution in Cheshire and Warrington could enable further opportunities at a local level to be considered following the Government's recently published English Devolution White Paper (December 2024). Section 4.1 of the White Paper specifically sets out the government's approach to communities and empowerment at a local level.

2.4 The report also emphasises the need for additional external support and capacity from Cheshire Association of Local Councils (ChALC) to co-produce this framework and integrate its implementation into regular operations and seeks agreement to enter a contractual arrangement to support this service.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to agree:

1. The development of a framework for delivery of services at a local level as set out in this report.
2. The proposed approach to develop that framework utilising the toolkit outlined in this report.
3. That support and capacity be provided by Cheshire Association of Local Councils (ChALC) to coproduce and implement this framework.

3. Background

3.1 Notice of Motion

The Notice of Motion was submitted to Full Council on 16 October 2024:

Agreed Framework for Delivery of Services at a Local Level

Proposed by Councillor M Gorman and Seconded by Councillor K Edwards

The Council is about to embark on the devolution journey.

It is also entering a new realm of co-operation with our Parish and Town Councils, where increased co-operation and shared working needs to be explored in a planned and systematic way to secure the ongoing provision of services at local level in a co-operative partnership.

We therefore urge that as part of the Council's Transformation Programme Cheshire East Council approaches our local town and parish council partners to discuss developing an agreed framework to support the delivery of appropriate services at the local level. There are already good examples of such partnership arrangements in place in parts of Cheshire East.

Such a framework should have at its heart a balanced and equitable relationship, for the benefit of both councils and of local residents.

3.2 Context

There are 12 town councils, 90 parish or community councils and four parish meetings across Cheshire East. Each of these local councils play an important role in developing vibrant communities, working alongside voluntary and community sector organisations. They have a wide range of powers, some limited duties, and their size, capacity, and roles vary significantly. Some are small with part-time Clerks, while others are larger and can be more proactive.

At their best, local councils bring close knowledge of community needs, the ability to mobilise communities and can use precepts to raise funds locally.

The Localism Act 2011 has empowered local councils, leading to a significant increase in parish precepts. Many local councils are now in the position to take on delegated or devolved assets and services, which, in turn, is empowering for local communities. However, any decisions to delegate or devolve responsibilities from Cheshire East Council would also need to demonstrate Best Value and be sustainable.

Defining the roles of the local councils is challenging due to their discretionary powers. Some councils take on wide-ranging responsibilities, from town centre management to social impact initiatives while others focus on local amenities such as allotments. The COVID-19 pandemic highlighted the importance of local action, with local councils playing key roles in community response.

Establishing a framework will ensure a fair and consistent approach, including where devolution in Cheshire and Warrington could enable further opportunities at a local level to be considered following the Government's recently published English Devolution White Paper (December 2024). Section 4.1 of the White Paper specifically sets out the government's approach to communities and empowerment at a local level.

The White Paper acknowledges that communities need power returned to them, enabling them to impact decisions made in their local area. The government's approach to community empowerment will therefore focus on putting people in control of their own lives, alongside devolving power from government.

3.3 **The need for a framework**

The need for a framework is due to the number and complexity of the local councils across Cheshire East and to ensure a consistency and fairness of approach.

Currently, there are different approaches to working with local councils across differing departments of Cheshire East Council**.** A framework would ensure improved and consistent engagement which can avoid a patchwork of services. Establishing a clear process for communication with local councils on both strategic and operational matters, including devolution discussions would be beneficial.

As the framework is developed the council can:

- Utilise existing Town and Parish Council Network meetings for sharing information
- Coordinate individual conversations through Cheshire Association of Local Councils (ChALC).

- Ensure provision of clear information to improve understanding and help to alleviate current challenges such as inconsistent service provision, concerns about accountability, capacity of small councils and financial pressures.

3.4 **The proposed framework**

The proposed framework aims to be a guide to collaborating more effectively with local councils across Cheshire East. It acknowledges varying levels of interest in transferring responsibilities and focuses on overcoming barriers, engaging the sector and building capacity.

Key components include:

1. **Building Trust**: Establishing principles, shared commitments, and ongoing dialogue.
2. **Implementation Toolkit**: Outlining how devolution and responsibility shifts will be achieved, including a transparency procedure and process for addressing issues.
3. **Other Enabling Factors**: Supporting a partnership context.

The framework emphasises the importance of mutual trust, open dialogue, and clear joint working principles. It highlights the need for intent, understanding local council variations, providing clear information, and supporting sustainable arrangements. Successful actions and outcomes are crucial for sustaining progress and engaging more local councils. There is a need for Cheshire East to clearly define the stance on delegation or devolution of assets and/or services to local councils. This clarity will shape the approach, structures, processes, and any investment.

This toolkit for developing and implementing the framework provides guidance on how to manage the process of devolution to local councils.

Process: Outline clear steps to manage expectations, such as expressions of interest, business case creation, decision making, and transfer agreements.

Mechanisms: Different types of agreements for service delivery and asset management, including:

a. **Joint Delivery or Topping Up**: Enhancing existing services through additional funding or community participation.

b. **Service Delivery Delegation**: Agreements for discretionary or statutory services, with monitoring and potential termination clauses.
c. **Agency Agreements**: Allowing parishes to perform functions they otherwise couldn't.

Forms: Structured provision of information through forms for expressions of interest and applications, aiding in early engagement and practical considerations.

Approval Criteria: Transparency about the considerations for approval.

Capacity Building: Creating the infrastructure necessary for successful devolution.

The toolkit highlights the importance of clear processes and documentation to facilitate efficient discussions and manage expectations, ensuring Cheshire East and local councils can work together effectively.

Challenges of delegation and devolution to local councils include focusing on the need to enhance their capacity which could be supported via the extensive offer already provided by ChALC and it is therefore important to involve them on the development of the framework itself. This approach aims to build a shared understanding of capacity needs and ensure sustainable service delivery through enhanced local council capabilities.

3.5 **Additional external support and capacity through the Cheshire Association of Local Councils (ChALC)**

A survey conducted by Cheshire Association of Local Councils (ChALC), in October 2024 indicated that local councils are now more open to using local precepts to deliver on behalf of their communities and are becoming less reliant upon Cheshire East. There is a willingness among many local councils to engage with Cheshire East on the challenges and opportunities of transformation and devolution, as there is a desire to ensure that as many local resources as possible are retained for the benefit of local communities who need them. The survey indicated that 50% of councils responding to the survey said that they had either agreed to additional funding to support services or were considering it. Currently, libraries and visitor information centres are the main recipients.

The survey report also concluded that there is a requirement to develop better ways of working together in the future which supports the recommendations of this report to create a framework for the delivery of services at a local level which can be supported through an organisation such as ChALC.

By working with ChALC, a statement of intent can be developed to guide conversations with local councils. This approach aims to manage expectations, provide clear direction, and facilitate realistic discussions, ensuring both Cheshire East Council and local councils can align their visions and capacities effectively. This builds on the existing relationship between ChALC and through the council's Communities Team.

It is proposed to contract ChALC to support the implementation of the framework for the delivery of services, including improved engagement, at a local level will cost £15,000 per year for 3 years and will be funded from within existing budgets.

This also enables an understanding of whether there are any wider opportunities with Cheshire West and Chester Council as ChALC work across the county area.

3.6 **The Cheshire East Plan 2025 - 2029**

The current Cheshire East (Corporate) Plan 2021-25 has three key themes - Open, Fair and Green - and was refreshed for 2024/25 to better reflect the financial context. A new Plan for 2025 to 2029 to provide our residents, partners and the organisation with clarity of purpose and strategic direction aligned to a new operating model and MTFS has been developed. The plan, informed by the new operating model created as part of the Transformation Plan, reflects a commitment to working collaboratively with partners and community capacity building. If agreed, we will be an enabling organisation, focussed on working alongside our partners to deliver services that achieve the best possible outcomes for Cheshire East's residents. The approach to the Plan and the aspirations and principles for the organisation, were shared with the Town and Parish Council Network in November 2024.

A small Member task and finish group was set up to support the process and development of the plan. The draft new plan is on the agenda for this Committee for recommendation to Council in February 2025 alongside the MTFS for approval. The framework and approach proposed in this report is aligned to the draft plan and its priority themes.

4. Consultation and Engagement

4.1 This report and approach has been informed by extensive engagement with staff on the council's operating model which emphasises the need for improved collaboration, partnership working and engagement, as well as ongoing discussions with ChALC and individual local councils. Further consultation and engagement will take place as part of developing the framework.

5. Reasons for Recommendations

5.1 The council is exploring new ways of working and service delivery as part of its Transformation Plan, building on existing partnership working across a range of sectors including with local councils. It is also about to embark on a devolution journey. If devolution in Cheshire and Warrington is delivered, it could enable further opportunities at a local level to be considered.

5.2 The council is also entering a new realm of co-operation with our Parish and Town Councils, where increased collaboration and shared working needs to be explored in a planned and systematic way to secure the ongoing provision of services at local level. This is not an enforced or mandatory process, but an opportunity for improved engagement and co-production.

5.3 Currently, team/departmental conversations are taking place with individual local councils, leading to an un-coordinated and inconsistent approach, which the proposed framework would mitigate.

5.4 ChALC have previously been contracted for a number of years to provide infrastructure support for local councils. Therefore, they are uniquely placed to co-design and implement a framework that works for both Cheshire East Council and the local councils across the borough.

6. Other Options Considered

Option	Impact	Risk
1. Do nothing	An inconsistent approach to engagement with local councils across the borough.	Inconsistent information sharing and understanding of opportunities and processes.
2. Explore further options and different frameworks	A delay in response to the Notice of Motion and no other frameworks have been reviewed to date.	No clear mechanism to begin engagement with local councils until alternative frameworks are in place.

Option	Impact	Risk
3. Not to contract ChALC to support the implementation of a framework	ChALC have extensive knowledge in working with local councils and are best placed to facilitate conversations and implementation. If ChALC are not contracted to support this piece of work, this will reduce capacity of Council officers and result in an uncoordinated and inconsistent approach.	Gaps in information. A lack of understanding of processes. Implementation of framework fails due to lack of capacity.

7. Implications and Comments

7.1 Monitoring Officer/Legal

The development and implementation of a framework supports clear and consistent engagement with Town and Parish Councils who wish to work with Cheshire East Council and proposals to devolve power can be developed and considered in this context. ChALC will be commissioned via a contact for services to support and deliver outputs over a 3-year period. Legal services should be consulted and advise upon the framework development and the duties and responsibilities aligned to service delivery that can and cannot be devolved.

7.2 Section 151 Officer/Finance

The proposal of contracting Cheshire Association of Local Councils to support the implementation of the framework for the delivery of services and improved engagement at a local level will cost £15,000 per year for 3 years and will be funded from within existing budgets of Communities, resulting in no additional impact on the MTFS (budget head – Dan Coyne).

Any decisions to delegate or devolve responsibilities from Cheshire East Council would need to demonstrate Best Value and be sustainable, benefitting both councils.

7.3 Policy

In accordance with the council's Procedural Rules, the Notice of Motion is to be referred to Corporate Policy Committee for consideration.

Committee and sub- committee Procedure Rules 2.39 and 2.40 Chapter 3- Part 1: Section 2 sets out the relevant procedural rules at Committee. The Council's Constitution, Chapter 3 – Rules of Procedure

This approach reflects the current priorities within the Cheshire East (Corporate) Plan 2021-25 below but also the priority themes in the draft new Cheshire East Plan 2025-29 also on the agenda for Corporate Policy Committee and subject to approval by Council in February 2025.

An open and enabling organisation.	**A council which empowers and cares about people.**	**A thriving and sustainable place.**

7.4 *Equality, Diversity and Inclusion*

The implementation of a framework for the delivery of services and improved engagement at a local level will ensure a balanced and equitable relationship, between Cheshire East Council and local councils, for the benefit of both councils and local residents. An equality impact assessment would be completed for any specific proposals.

7.5 *Human Resources*

No direct human resources implications.

7.6 *Risk Management*

The risk of not implementing a framework for the delivery of services and improved engagement at a local level could result in inconsistencies in approach, services and information. Local councils could have a lack of understanding of the opportunities through service transformation and devolution processes.

There is a risk of the implementation of the framework failing due to a lack of officer capacity if ChALC are not contracted to support this piece of work.

7.7 *Rural Communities*

The implementation of a framework for the delivery of services and improved engagement at a local level will ensure that rural areas have equal access to information and procedures regarding the devolution of services across Cheshire East. It may enable issues particularly impacting rural communities to be considered such as digital inclusion and connectivity.

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

No direct impact on children, young people including Cared for Children and children with special educational needs and disabilities.

7.9 *Public Health*

The implementation of a framework for the delivery of services at a local level will have a neutral overall impact on the health and wellbeing of Cheshire East residents but may provide opportunities for improvements over time depending on any specific service delivery decisions that are made.

7.10 *Climate Change*

No direct impact on climate change.

Access to Information	
Contact Officer:	Dan Coyne, Head of Service – Communities and Integration Daniel.Coyne@cheshireeast.gov.uk Lynsey Cooper, Senior Community Development Officer Lynsey.Cooper@cheshireeast.gov.uk
Appendices:	N/A
Background Papers:	Notice Of Motion raised at Full Council on 16th October 2024 Local service delivery and place-shaping: A framework to support parish and town councils | Local Government Association https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper

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Cheshire East Council

OPEN

Corporate Policy Committee

6 February 2025

Calendar of Meetings 2025-2026

Report of: Acting Governance, Compliance and Monitoring Officer

Report Reference No: CPC/40/24-25

Ward(s) Affected: All Wards

For Decision

Purpose of Report

1 This report seeks agreement of the Committee in respect of a draft calendar of meetings for the Council for the municipal year 2025-2026 and a draft calendar of dates of meetings for the period June to October 2026.

Executive Summary

2 In accordance with the Local Government Act 1972, the Council is required to give public notice of its meetings. The calendar of meetings assists in fulfilling this legal obligation and provides certainty for Council members, officers and members of the public.

3 Having an approved and published calendar of meetings enables effective business planning and decision-making procedures.

RECOMMENDATIONS
That the Committee recommend to Council: 1 for approval, the draft calendar of meetings for Cheshire East Council for the municipal year 2025-2026 and that the draft calendar for June to October 2026, be noted 2 that the start time for morning meetings, excluding full Council, be 10.30 am. 3 that each committee determine whether their committee meetings during the 2025-26 municipal year should include twilight meetings.

Background

4 As set out in its Constitution (Chapter 3 – Part 1 para 1.1) the Council is required to decide when its meetings will take place. These are set out in a calendar of meetings. The calendar of meetings is intended only to deal with formal decision-making meetings and, therefore, does not provide details of other meetings involving Members.

5 Full Council must approve the calendar.

6 The scheduling of meetings takes into account the Council's business planning/performance reporting cycle, together with a range of additional issues arising from the implications of the committee system and learning from its operation since May 2021.

7 Where possible August has been retained for recess, except for planning committee meetings.

8 Council at its meeting on 27 February 2024 when considering the Calendar of Meetings for 2024/25, resolved that "each Service Committee, including the Finance Sub Committee, arrange one twilight meeting over the course of its scheduled cycle of meetings during 2024/25."

9 Following the trial, a survey was undertaken of Elected Members to ascertain how Councillors felt about twilight meetings. The survey was conducted between 6 November 2024 and 1 December 2024

10 The results of the survey can be found at Appendix 2 to the report

11 In the light of the survey responses, it is recommended that individual Committees should be allowed to determine whether it wishes to hold any further twilight meetings.

12 Meetings of full Council have been scheduled to take place on a Wednesday on the following dates – 14 May 2025, 16 July 2025, 15 October 2025, 10 December 2025, and 25 February 2026, with a start time of 11.00 am.

13 The meetings of the service committees have been scheduled to take place on the same day of the week were possible. If there is a specific need for additional or fewer meetings, this can be dealt with under existing arrangements.

14 The dates for the Strategic Planning Board, Northern Planning Committee and Southern Planning Committee have been scheduled to meet on a Wednesday in accordance with the scheduling timeframe agreed by full Council on 13 December 2023. Site visits usually take place on the Friday before the meeting in question.

15 The Audit and Governance Committee and the Licensing Committee have been scheduled to meet five times a year. Provisions exist for additional meetings to be called if needed.

16 The scheduling of the meetings of the Scrutiny Committee has been scheduled quarterly. It is acknowledged however that there may be the need to arrange ad-hoc meetings when required to deal with bespoke external scrutiny matters e.g. external proposals by health providers, using the general powers of the Committee Chair. The quarterly scheduling will provide for annual reporting, with flexibility around the dates of meetings, to suit business needs.

17 A draft calendar of dates for the period June to October 2026 is also included to help with diary planning.

18 The Committee is asked to refer the calendar to Council for approval.

Consultation and Engagement

19 The calendar has been shared with the Group Leaders, Chairs and Vice Chairs of Committees and senior officers.

20 In response to this consultation, it was suggested that 10.00 am meeting commencements move to 10.30 am to allow for travel from one end of Borough to the other as meetings will be in either Macclesfield or Crewe. However, in accordance with the Constitution, committees can alter the start time of meetings as required.

Reasons for Recommendations

21 The Council is required to give public notice of its meetings in order to fulfil its legal obligations under the Access to Information Rules set out in the Constitution, and to meet its obligations under the Local

Government Act 1972. The calendar will assist the Council's meeting these requirements and will provide certainty for Members.

Other Options Considered

18

Option	Impact	Risk
Do nothing	The authority would be unable to plan the decision-making function of the Council in an effective manner.	Decisions not being made in a timely manner. The business needs of the Council would not be met.

Implications and Comments

Monitoring Officer/Legal

19 In accordance with the Local Government Act 1972 and the Access to Information Rules in the Constitution, the Council is required to give public notice of its meetings, and a calendar of meetings assists in fulfilling this legal obligation.

20 Members of the public have a legal right to attend to participate in and observe council meetings, e.g., make representations in respect of planning applications, asking questions at meetings, and presenting appeals.

Section 151 Officer/Finance

21 There are no direct financial implications.

Policy

22

An open and enabling organisation. **Ensure that there is transparency in all aspects of council decision-making.**

Equality, Diversity and Inclusion

23 There are no direct implications for equality.

Human Resources

24 There are no direct implications for Human Resources.

Risk Management

25 A published calendar of meetings enables effective business planning and decision-making procedures.

Rural Communities

26 There are no direct implications for rural communities.

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

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

Public Health

28 There are no direct implications for public health.

Climate Change

29 There are no direct implications for climate change.

Access to Information	
Contact Officer:	Brian Reed, Head of Democratic Services brian.reed@cheshireeast.gov.uk
Appendices:	Appendix 1 – Calendar of Meetings for Municipal Year 2025-2026 Appendix 2 – Members Twilight Meetings Survey 2024
Background Papers:	None

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Calendar of Meetings 2025-2026

1

COMMITTEE	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT
Council (11.00 am)	14		16			15		10		25			13		15			14
Corporate Policy (10.30 am)		12				2	27			5	19			11				1
Economy and Growth (2.00 pm)		3			9		11		13		10			2			8	
Highways and Transport (10.30 am)		19			18		20		22			2		18			17	
Environment and Communities (10.30 am)		5			25		13		29		26			4			24	
Children and Families (2.00 pm)		9			15		10		19	16		13		8			14	
Adults and Health (10.30 am)		23			22		17		26		23			22			21	
Finance Sub Committee (2.00 pm)		2			1		3		12		9			1			7 (10.30 am)	
Scrutiny Committee (10.30 am)		26			4			11			12			25			3	
Audit and Governance Committee (10.30 am)	29		28		29			4			5		28		28		28	
General Appeals Sub Committee (10.30 am)			3	19	16	7	4	9	15	3	3	14	5			18	15	6
Licensing Committee (2.00 pm)		16			8		24		5		2			15			7	
Strategic Planning Board (10.30 am)	28		23		17		19		28		25		27		23		16	
Southern Planning Committee (10.30 am)		4	30		10	22		3		4		1		3	30		9	21
Northern Planning Committee (10.30 am)		25		20		1	12		14		4	22		24		19	30	
Cared For Children and Care Leavers Committee (2.00 pm)		24			2			2			3			23			15	
Health and Wellbeing Board (2.00 pm)			1		16		4		20		17			30			1	
Shared Services Joint Committee (10.00 am)		27			19		21				13							

2025/26 Version 8

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A summary of responses to Cheshire East Council's

Members Twilight Meetings Survey 2024

Executive Summary

Introduction

At its meeting held on 27 February 2024, Full Council resolved that 'each Service Committee, including the Finance Sub Committee, arrange one twilight meeting over the course of its scheduled cycle of meetings during 2024-25'.

During 2024 Cheshire East Council conducted 9 Committee meetings as a trial starting during "twilight" hours e.g. they started between the hours of 4pm and 6pm.

Following the trials, a survey was conducted of Members. The purpose was to ascertain how Councillors felt about twilight meetings. The survey was conducted between 6 November and 1 December 2024.

All 82 Cheshire East Council Members were invited to complete the survey by email with one reminder being issued to stimulate responses. 44 Members completed the survey, giving a 54% response rate. Of these, 29 had attended at least one of the 9 twilight meetings.

Level of meeting attendance

Member attendance at the 9 twilight meetings was high – 84% of expected Members attended in person, 14% sent a substitute to attend on their behalf, and 2% did not attend nor send a replacement.

Members appeared to be slightly more likely to attend the twilight meetings in person that started at 6:00pm (92%), compared to 4:00pm (83%), 5:00pm (77%) and 5:30pm (87%).

Reasons for not attending meetings

14% of the Members completing the survey were prevented from attending any of the twilight Committee meetings because of the time they were conducted, 86% were not.

Reasons why Councillors were prevented from attending twilight meetings revolved around child, grandchild, family and personal commitments.

Feedback on the twilight meetings

54% of Members who had attended a twilight meeting felt the meetings took the same length of time as they normally do, while 23% felt they were shorter. 23% felt that twilight meetings took longer than they usually do.

Opinions towards the twilight meetings were mixed among those who had attended:

- 38% agreed twilight meetings increase public participation in meetings (31% disagreed).
- 38% agreed twilight meetings have a positive impact on work/life balance (41% disagreed).
- 22% agreed twilight meetings have a positive impact on their abilities as Town and Parish Councillors (48% disagreed).

The future of twilight meetings

50% of the Members completing the survey felt the council should continue to conduct Committee meetings during twilight hours, 41% felt it should not, 9% were unsure.

59% of Members completing the survey felt the time of meetings should be left to the committees themselves to determine, 23% felt they should not, 18% were unsure.

Of those who felt the council should continue to conduct Committee meetings during twilight hours, opinion was split over what time they should start, between 6:00pm (32%), 4:00pm (27%), 4:30pm (27%) and 5:00pm (27%).

General comments on twilight meetings

Members were asked if they had any final comments to make about twilight meetings, with responses summarised below.

Support for twilight meetings (13 comments total)

- Twilight meetings are beneficial for Councillors who work, enabling them to attend meetings more easily. Otherwise Councillors have to take annual leave to attend, or to ask for additional time off work.
- It is positive that the council now has more Councillors of working age than a few years ago; this has helped improve democratic representation across a broader spectrum of age ranges.
- Hopeful that this year's twilight meeting trial will be extended into 2025/26 and beyond.
- There should be a mix of daytime and twilight meetings.

Opposition to twilight meetings (13 comments total)

- Officers and council staff shouldn't have to service these meetings after the end of their usual working day, twilight meetings also affect their work life balance.

- Twilight meetings are difficult for those who work into the evenings, and difficult for those with caring responsibilities.
- Twilight meetings are not convenient for residents to attend who have family routines, this also affects members of the public too.
- Travel to meetings is too far with no central location, and public transport is scarce in the evenings.
- Twilight meetings affect the eating routine and make people go hungry.
- Twilight meetings cause havoc with Parish Council meetings.

General comments (24 comments total)

- Twilight meetings should only be conducted during the summer, April to August, and not during winter. Travel is easier when it is lighter, and there is less chance of inclement weather during summer months.
- The lack of central meeting location makes attendance difficult. Most meetings are now being organised in Crewe, which negatively impacts on Councillors and residents who wish to attend from the North of the Borough. Meetings should be in both Crewe and Macclesfield.
- Twilight meetings starting at 4pm or 4:30pm do not help anyone, it's hard to justify a 'twilight meeting' that early. If the start time for a twilight meeting is any earlier than 5.30pm, the benefits are negligible because of the travel time from work to the council offices.
- Consideration needs to be given to the length of the agenda. As meetings go on late items at the end of the agenda do not have the same level of rigour as items earlier in the agenda, as Members of the committee become fatigued. Meetings last too long.

Conclusions

Attendance at twilight meetings

The level of attendance at the twilight meetings was very high, with 98% of the Members who were expected to attend either attending in person, or sending a substitute. This suggests that twilight meetings are not a major barrier to attendance.

Furthermore, just 14% of Members said they were prevented from attending twilight meetings because of the time they were conducted, which seems a relatively small proportion.

The impact of twilight meetings

That said, it is clear that twilight meetings do have a negative impact on the work/life balance of a significant proportion of Members – 41% of Members disagreed twilight meetings have a positive impact on their work/life balance.

Twilight meetings also seem to have a negative impact on a significant proportion of Members in their roles as Town and Parish Councillors, presumably given these meetings also take place during twilight hours. The council should look to mitigate this impact as far as possible if twilight meetings are to continue.

The future of twilight meetings

It should be noted that a marginally larger proportion of Members said twilight meetings should continue (50%) compared to the proportion that said they should not (41%). Twilight meetings do seem to benefit those that work during the day, and as such perhaps lead to improved democratic representation among Members which is positive.

Although this is a marginal net support for twilight meetings, it must be acknowledged that twilight meetings do negatively impact a significant proportion of Members. This could perhaps be mitigated by:

- Only holding twilight meetings during summer months (April to August) when it is lighter for travel in the evenings
- Holding Committee meetings evenly split between Crewe and Macclesfield, to ensure travel distances are fair for all
- Allowing individual Committees to determine the time of their meetings – this was a proposal fairly strongly supported by Members in the survey

Further considerations about twilight meetings include:

- Holding them after 5:30pm – There is some indication attendance is higher the later they are held, and it is felt holding them earlier than this undermines the point of twilight meetings
- Reducing the length of meetings and agendas, and perhaps putting the most significant items at the start of agendas when attendees are freshest
- Considering how twilight meetings impact on Officers and council staff that must attend to ensure they go ahead

Contents

Report produced 19 December 2024 by Ben Buckley of the Research and Consultation Team, Cheshire East Council. Email RandC@cheshireeast.gov.uk for further information.

Introduction

Purpose of the survey

At its meeting held on 27 February 2024, Full Council resolved that 'each Service Committee, including the Finance Sub Committee, arrange one twilight meeting over the course of its scheduled cycle of meetings during 2024-25'.

During 2024 Cheshire East Council conducted 9 Committee meetings as a trial starting during "twilight" hours e.g. they started between the hours of 4pm and 6pm.

The purpose of this "Cheshire East Members – Twilight Meetings Survey 2024" was to ascertain how Councillors felt about these twilight meetings.

The survey was conducted on behalf of the Constitution Working Group, with results from the survey to be considered by the working group.

The Cheshire East Members - Twilight Meetings Survey 2024 was conducted between 6 November and 1 December 2024.

Survey methodology and response

All 82 Cheshire East Council Members were invited to complete the survey by email on 6 November 2024, with a reminder to complete the survey sent out on 25 November 2024.

In total, 44 Members responded to the survey, giving a 54% response rate.

Of the 44 Members completing the survey, 29 had attended at least one of the 9 twilight meetings that were conducted between 20 June and 30 September 2024.

Level of meeting attendance

Member attendance to the 9 twilight meetings that were held during 2024 was high – 84% of expected Members attended in person, 14% sent a substitute to attend on their behalf, and 2% did not attend nor send a replacement.

Committee	Date	Meeting time	No. present in person	No. that sent a substitute	No. that did not attend
Highways & Transport Committee	20/06/2024	6:00pm	10	1	1
Adults & Health Committee	24/06/2024	6:00pm	13	0	0
Children & Families Committee	16/07/2024	5:30pm	13	2	0
Corporate Policy Committee	21/08/2024	5:30pm	13	2	0
Economy & Growth Committee	10/09/2024	4:00pm	13	2	0
Finance Sub-Committee	12/09/2024	5:00pm	8	1	0
Children & Families Committee	16/09/2024	5:00pm	12	5	0
Economy & Growth Committee	25/09/2024	4:00pm	11	3	1
Cared For Children & Care Leavers Committee	30/09/2024	4:00pm	9	1	0
			102	**17**	**2**

Members were slightly more likely to attend the twilight meetings in person that started at 6:00pm (92%), compared to 4:00pm (83%), 5:00pm (77%) and 5:30pm (87%).

Meeting time	No. of meetings	No. of Members that should have attended	No. of Members that were present in person	% of Members that were present in person
16:00	3	40	33	83%
17:00	2	26	20	77%
17:30	2	30	26	87%
18:00	2	25	23	92%
Total	**9**	**121**	**102**	**84%**

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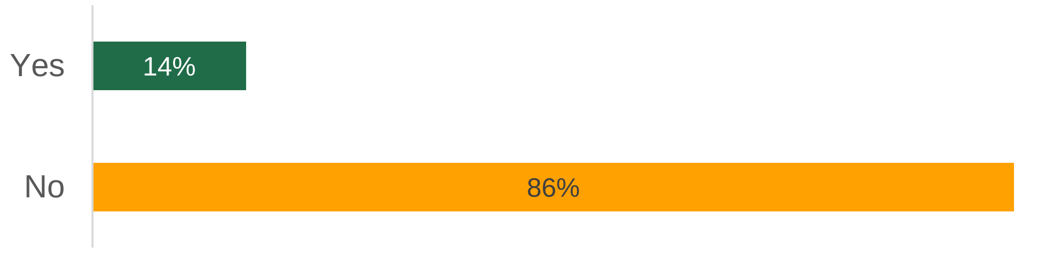
Reasons for not attending meetings

14% of the Members completing the survey were prevented from attending any of the twilight Committee meetings because of the time they were conducted, 86% were not.

Were you prevented from attending any of these meetings because of the time they were conducted?



Number of responses = 42

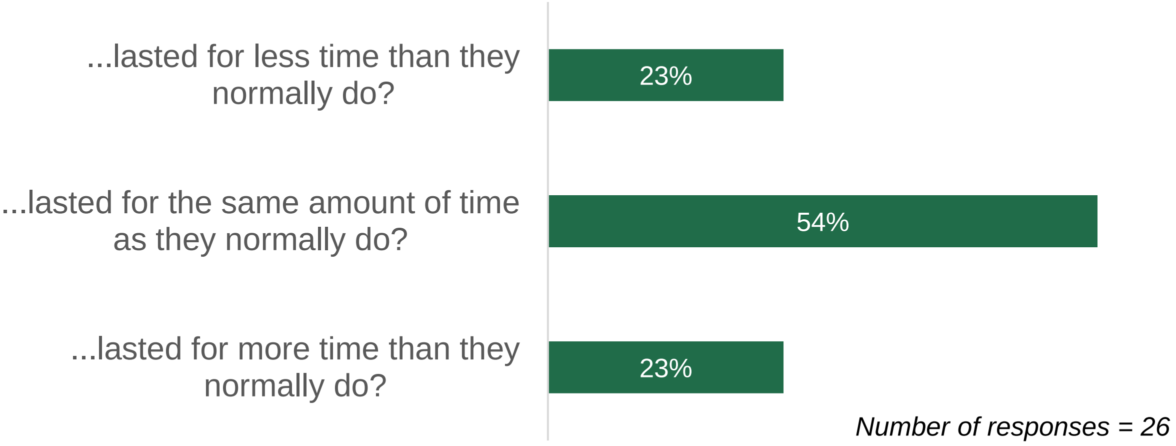
Reasons given as to why Councillors were prevented from attending twilight meetings because of the time they were held included:

- As a mother of dependent children, evenings are very difficult.
- Collection of grandchildren from school.
- Family Care Commitments.
- Personal commitments.

Feedback on the twilight meetings

54% of Members who had attended a twilight meeting felt they lasted the same amount of time as they normally do, while 23% felt they lasted for less time, and 23% felt the lasted for more time than they usually do.

If you have attended a twilight meeting(s), would you say they…

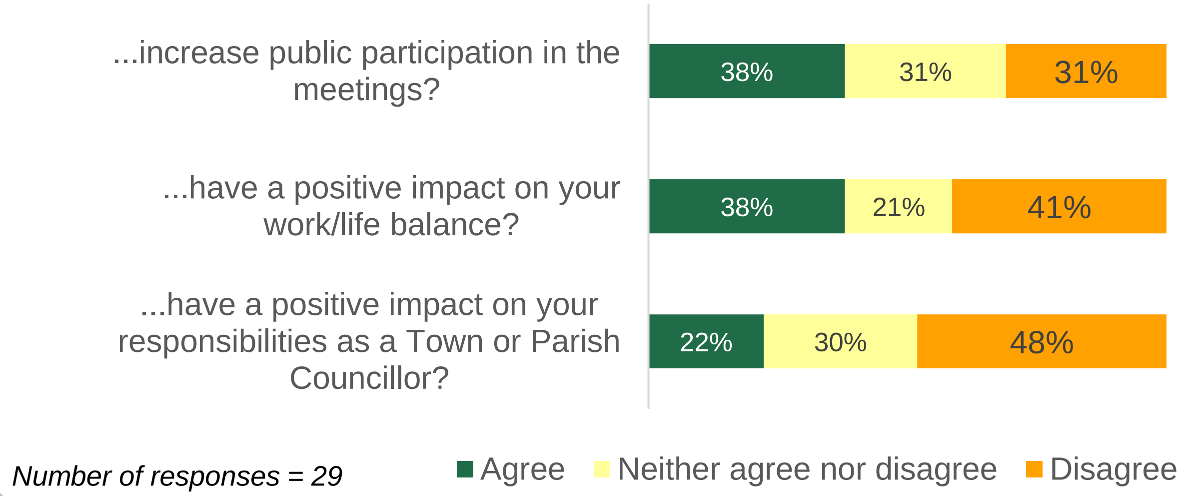


Number of responses = 26

Opinions towards the twilight meetings were mixed among those who had attended:

- 38% agreed twilight meetings increase public participation in meetings, 31% disagreed.
- 38% agreed twilight meetings have a positive impact on work/life balance, 41% disagreed.
- 22% agreed twilight meetings have a positive impact on their abilities as Town and Parish Councillors, 48% disagreed.

Generally speaking, how strongly do you agree or disagree that twilight meetings…



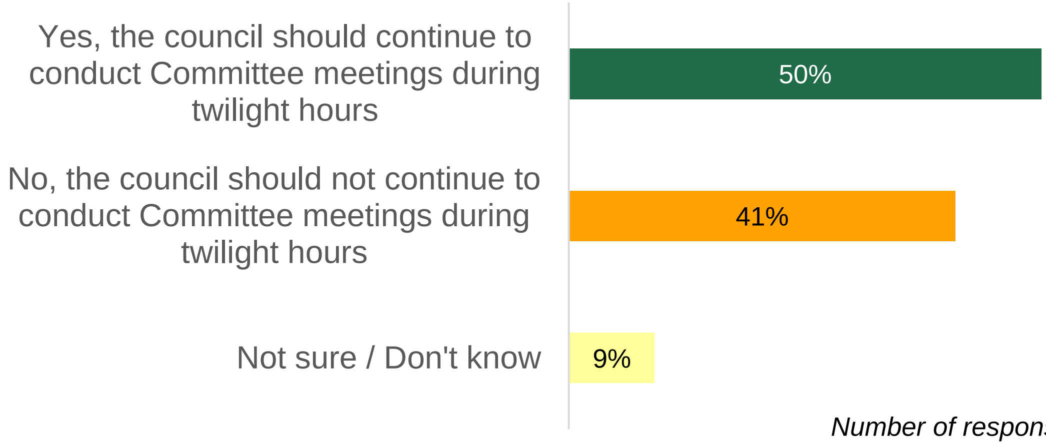
Number of responses = 29

The future of twilight meetings

Should twilight meetings be conducted in future?

50% of the Members completing the survey felt the council should continue to conduct Committee meetings during twilight hours, 41% felt it should not, 9% were unsure.

Overall, do you think the council should continue to conduct Committee meetings during twilight hours?

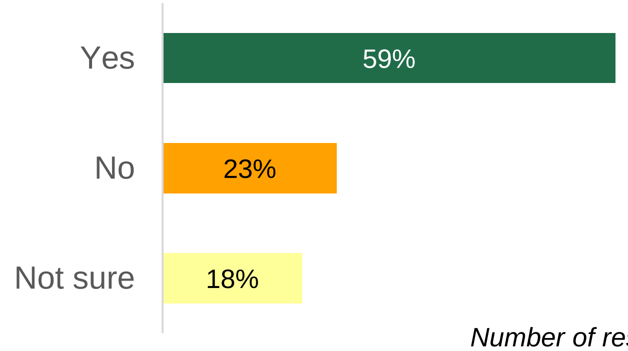


Number of responses = 44

Time of the meetings

59% of Members completing the survey felt the time of meetings should be left to the committees themselves to determine, 23% felt they should not, 18% were unsure.

Do you think the time of meetings should be left to the committees themselves to determine?

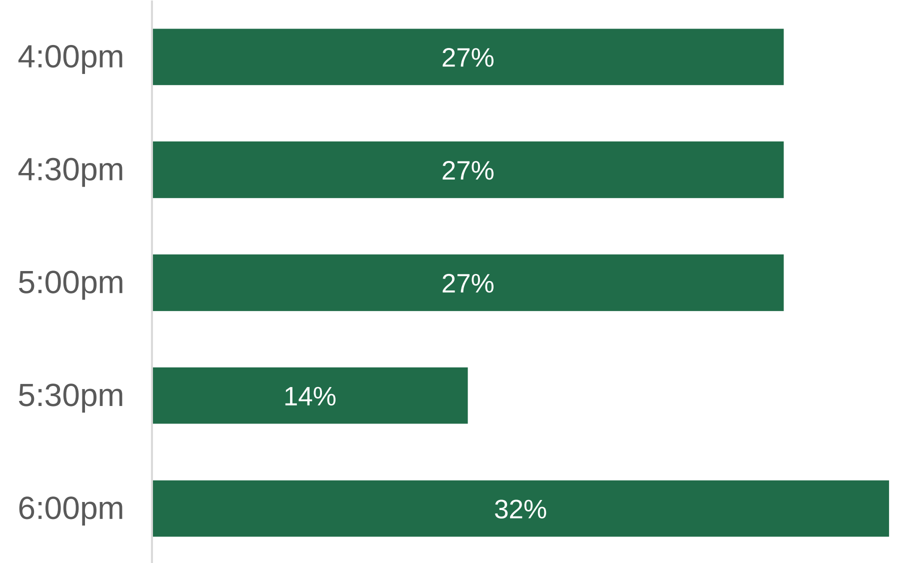


Number of responses = 44

Of those who felt the council should continue to conduct Committee meetings during twilight hours, opinion was split over what time they should start, between 6:00pm

(32%), 4:00pm (27%), 4:30pm (27%) and 5:00pm (27%). Respondents could select up to 2 of the 4 options presented.

If the council were to conduct Committee meetings during twilight hours in future, what time would you prefer them to start?



Number of responses = 22

General comments on twilight meetings

Within the survey, members were asked “Do you have any final comments to make about twilight meetings?”.

In total, 27 Members answered the question, making a total of 50 different comments between them. These comments have been categorised and summarised in the table below.

Support for twilight meetings	**13**
Twilight meetings are beneficial for Councillors who work, enabling them to attend meetings more easily. It makes it very difficult to be a Councillor if all meetings are during the daytime, as people then have to take annual leave to attend, or to ask for additional time off work. The trial has made a significant difference to the ability of some to attend council meetings. The council now has more Councillors of working age than was the case a few years ago, and this has helped improve democratic representation across a broader spectrum of age ranges. This is a positive thing.	8
General support for twilight meetings.	2
Hopeful that this year's twilight meeting trial will be extended into 2025/26 and beyond / More twilight meetings should be considered.	2
There should be a mix of daytime and twilight meetings.	1

Opposition to twilight meetings	**13**
Officers and council staff shouldn't have to service these meetings after the end of their usual working day, twilight meetings also affect their work life balance. This puts an additional strain on Officers, and includes Officers attending the meetings, as well as building support staff.	4
Twilight meetings are difficult for those who work into the evenings, and difficult for those with caring responsibilities.	2
Twilight meetings are not convenient for residents to attend who have family routines, this also affects members of the public too.	2
	2

Travel to meetings is too far with no central location, and public transport is scarce in the evenings.	
General opposition to twilight meetings - "I am totally against these meetings".	1
Twilight meetings affect the eating routine and make people go hungry.	1
Twilight meetings caused havoc with Parish Council meetings, this was juggled as it was a pilot exercise, but it would be difficult to manage on a permanent basis.	1

General comments	**24**
Twilight meetings should only be conducted during the summer, April to August, and not during winter. Travel is easier when it is lighter, and there is less chance of inclement weather during summer months. Night driving in the dark, especially in winter, is extremely unpleasant and even frightening for some, especially for older Councillors. Public transport is also potentially more hazardous in the darker Autumn / Winter months.	9
The lack of central meeting location makes attendance difficult. Most meetings are now being organised in Crewe, which negatively impacts on Councillors and residents who wish to attend from the North of the Borough. Travelling in the winter in the dark for a 3 hour round trip will not encourage people to attend. Meetings are a long way to drive for some. It's a long evening travelling to twilight meetings. Meetings should be in both Crewe and Macclesfield.	6
Twilight meetings starting at 4pm or 4:30pm do not help anyone, it’s hard to justify a ‘twilight meeting’ that early. Meetings at these times still prevented full-time working Councillors from attending. If the start time for a twilight meeting is any earlier than 5.30pm, the benefits are negligible because of the travel time involved from work to the council offices. Twilight meetings should also start at 7pm.	5
Consideration needs to be given to the length of the agenda. Children and Families Committee have significant agendas which are not well planned as noting issues tend to be at the beginning, and decision items later in the agenda. As the meeting goes on late the items at the end of the agenda do not have the same level of rigour as items earlier in the agenda, as Members of the committee become fatigued. Meetings last too long.	2

Daytime meetings can only be attended by those who work by taking annual leave.	1
For the question about whether Committees should decide on the time of meetings it is not clear if this is deciding on whether to have twilight meetings or not, or just deciding what time twilight meetings should happen e.g. 4pm or 6pm.	1

Conclusions

Attendance at twilight meetings

The level of attendance at the twilight meetings was very high, with 98% of the Members who were expected to attend either attending in person, or sending a substitute. This suggests that twilight meetings are not a major barrier to attendance.

Furthermore, just 14% of Members said they were prevented from attending twilight meetings because of the time they were conducted, which seems a relatively small proportion.

The impact of twilight meetings

That said, it is clear that twilight meetings do have a negative impact on the work/life balance of a significant proportion of Members – 41% of Members disagreed twilight meetings have a positive impact on their work/life balance.

Twilight meetings also seem to have a negative impact on a significant proportion of Members in their roles as Town and Parish Councillors, presumably given these meetings also take place during twilight hours. The council should look to mitigate this impact as far as possible if twilight meetings are to continue.

The future of twilight meetings

It should be noted that a marginally larger proportion of Members said twilight meetings should continue (50%) compared to the proportion that said they should not (41%). Twilight meetings do seem to benefit those that work during the day, and as such perhaps lead to improved democratic representation among Members which is positive.

Although this is a marginal net support for twilight meetings, it must be acknowledged that twilight meetings do negatively impact a significant proportion of Members. This could perhaps be mitigated by:

- Only holding twilight meetings during summer months (April to August) when it is lighter for travel in the evenings
- Holding Committee meetings evenly split between Crewe and Macclesfield, to ensure travel distances are fair for all
- Allowing individual Committees to determine the time of their meetings – this was a proposal fairly strongly supported by Members in the survey

Further considerations about twilight meetings include:

- Holding them after 5:30pm – There is some indication attendance is higher the later they are held, and it is felt holding them earlier than this undermines the point of twilight meetings
- Reducing the length of meetings and agendas, and perhaps putting the most significant items at the start of agendas when attendees are freshest
- Considering how twilight meetings impact on Officers and council staff that must attend to ensure they go ahead

Corporate Policy Committee
Work Programme 2024-25

Report Reference	Corporate Policy Committee	Title	Purpose of Report	Lead Officer	Consultation	Equality Impact Assessment	Part of Budget and Policy Framework	Corporate Plan Priority	Exempt Item	Decision or Scrutiny
CP/22/24-25	20/03/25	Service Budgets 2025/26 (Corporate Policy Committee)	The purpose of this report is to set out the allocation of approved budgets for 2025/26 for services under the Committee's remit, as determined by Finance Sub Committee	Executive Director of Resources and S151 Officer	No	No	Yes	Open	No	Scrutiny
CP/35/24-25	20/03/25	Performance Report – Q3 2024/25	To provide the Committee with an oversight of organisational performance against the priorities and vision set out within the Council's Corporate Plan 2021-25.	Assistant Chief Executive	No	No	No	Open ;Fair; Green	No	Scrutiny
CP/54/24-25	20/03/25	Q3 24/25 Strategic Risk Update	To provide the committee with the Q3 Strategic Risk update 2024-25.	Governance, Compliance and Monitoring Officer	No	No	No	Open; Fair; Green	Yes in part	Scrutiny

Task and Finish Groups			
Group	**Membership**	**Established**	**Purpose**
Harassment of Councillors	Councillor Fiona Wilson – Chair Councillor Hannah Moss Councillor Emma Gilman Councillor Nicola Cook	28 January 2025	To review the increasing levels of intimidation, harassment and abuse faced by elected members in the course of their work and identify what support can be put in place for assist members.

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Thursday, 7th November, 2024 in the Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor D Clark (Chair)
Councillor L Anderson (Vice-Chair)

Councillors D Brown, J Clowes, K Edwards, J Rhodes, S Gardiner and R Kain

OFFICERS IN ATTENDANCE

Paul Goodwin, Acting Director of Finance (Deputy S151 Officer)
Lianne Halliday, Head of Procurement
Mandy Withington, Principal Lawyer
Tom Shuttleworth, Interim Director of Environment and Neighbourhoods
Hayley Kirkham, Programme Director
Nikki Bishop, Democratic Services Officer

21 **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Chris O'Leary and Brian Drake. Councillors Stewart Gardiner and Jill Rhodes were present as substitutes.

22 **DECLARATIONS OF INTEREST**

Councillor L Anderson, in the interests of openness and transparency, declared an interest in relation to agenda item 11 (Procurement Pipeline – P2 item).

Councillor S Gardiner, in the interests of openness and transparency, declared an interest in relation to agenda item 12 (Review of Alliance Environmental Services – P2 item).

23 **MINUTES OF PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting held on Thursday 12 September 2024 be approved as a correct record and signed by the Chair.

24 **PUBLIC SPEAKING/OPEN SESSION**

There were no registered public speakers.

25 **SECOND FINANCIAL REVIEW OF 2024/25**

The committee considered the report which provided an update on the forecasted outturn position for 2024-25, based on income, expenditure and known commitments as at the end of August 2024. The committee noted that the Second Financial Review forecast revenue outturn position was an adverse variance of £20.1m which was an improvement of £6.5m from the First Financial Review.

The committee noted the actions being taken to address adverse variances to urgently improve financial sustainability and agreed that whilst there had been some improvement from the First Review, the overspend of £20.1m remained a significant financial challenge for the council. Nationally, many local authorities across the country were facing similar pressures with available financial resources not supporting authorities to keep pace with exceptional levels of inflation, interest rates and increases in cost and demand for services.

The committee considered the position of the adults, health and integration service, and raised concerns around the direction of travel based on forecast performance in the year to date. It was noted that there was greater confidence in the mitigating actions being taken in the service to control overall spending including a reduction in agency staff and scrutiny of high-cost placements.

The committee noted the capital programme budget update and queried if there would be any further reduction in commitments going forward. The committee noted that there was work underway to re-profile capital expenditure and review the capital programme to ensure that capital borrowing remained affordable. An update would be provided to the Corporate Policy Committee in November.

The committee requested a more detailed analysis of agency staff costs and a breakdown of those agency staff covering business as usual work vs temporary work. The committee queried the costs of recruiting agency staff as opposed to permanent staff. Officers committed to providing a written response.

The committee acknowledged the difficult financial challenges facing the authority. It was noted that the forecast did not assume the use of the Exceptional Financial Support that was requested in 2023-24 and 2024-25. The requirements for the EFS borrowing were not yet known however it was anticipated that there would be flexibility in the council's ability to determine its borrowing and repayment strategy. It was noted that whilst the financial stability of the council could impact on borrowing from some lenders, the council would still be able to borrow from the Public Works Loan Board. It was queried if utilising EFS was better than issuing a section 114 notice. Officers committed to providing a written response.

RESOLVED (unanimously):

The Finance Sub Committee

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £20.1m against a revised budget of £395.4m (5.1%), including the contents of Annex 1, Section 2 and progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and the actions to be taken to address any adverse variances from the approved budget.

2. Note the in-year forecast capital spending of £157.7m against an approved MTFS budget of £215.8m, due to slippage that has been re-profiled into future years.

3. Note the available reserves position as per Annex 1, Section 5.

4. Recommend to Full Council the approval of the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3, Table 1.

5. Recommend to Full Council the approval of the Supplementary Capital Estimate Request for Allocation of Additional Funding over £1,000,000 as per Annex 1, Section 4, Table 5.

6. Note that the Adults and Health Committee will be asked to approve the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £500,000 up to £1,000,000 as per Annex 1, Section 3, Table 2.

7. Note that the Highways and Transport Committee will be asked to approve the Supplementary Capital Estimate above £500,000 up to and including £1,000,000 as per Annex 1, Section 4, Table 4.

8. Note the Capital Virements above £500,000 up to and including £5,000,000 as per Annex 1, Section 4, Table 4 will be approved in accordance with the Council's Constitution.

26 **MEDIUM TERM FINANCIAL STRATEGY UPDATE 2025/26 - 2028/29**

The committee considered the report which set out progress on the development of the 2025-29 Medium-Term Financial Strategy. The committee noted that significant work had been undertaken to capture all the proposed budget changes for 2025-26 and over the medium-term, both from the transformation programme work and wider. A number of budget changes had been put forward however, to date, these did not go far enough to balance the budget for 2025-26.

Members noted the key headlines following the October 2024 budget announcements. Members felt it was important to be presented with both ‘worst’ and ‘best’ case scenarios in readiness for the local government settlement announcements in December, and that contingency planning was essential.

The committee noted that additional funding had been announced in the budget for local authorities for areas including SEND, Household Support Fund and resource funding for homelessness pressures. Cheshire East’s allocation of the additional funding was not yet known however the committee noted that allocation based on a deprivation model was unlikely to assist Cheshire East and suggested that this was raised with MHCLG colleagues, as it would not be a true reflection of the needs of the wider borough.

RESOLVED:

That the Finance Sub Committee

1. Note the progress to date on the development of the MTFS 2025-29.

2. Note that officers will continue to challenge draft proposals and develop further proposals in consultation with Members prior to approval by Full Council.

3. Note that Committees will be presented with the opportunity to review the full set of financial proposals, designed to achieve a balanced budget, as part of their January cycle of meetings prior to recommendations being made to Council for approval.

27 **WORK PROGRAMME**

RESOLVED:

That the Work Programme be received and noted.

28 **REPORTING OF URGENT DECISIONS**

The Sub Committee received a schedule of an urgent decision taken by the Chief Executive on behalf of the Finance Sub Committee, which was reported for information in accordance with the Council procedure rules.

RESOLVED:

That the Finance Sub Committee note the urgent decision taken by the Chief Executive.

29 **PROCUREMENT PIPELINE**

The committee considered the report which provided an update on the pipeline of procurement activity, contracts awarded during the fiscal year and an update on the use of waivers.

The committee noted the register of all contracts awarded and that contract reference C3224 – Crewe Youth Zone Project had been awarded a contract value of £4,739,997. Members requested an update on this and highlighted that this appeared in several other financial documentation with funds for the project coming from a number of different sources. Officers committed to providing a written response.

RESOLVED (unanimously):

That the Finance Sub Committee

1. Approve the 5 pipeline projects in Appendix 1, column H as business as usual.

2. Note the reasons for 5 waivers approved between 1 June 2024 and 31 October 2024.

3. Note the reason for 1 non-adherence between 1 June 2024 and 31 October 2024.

4. Note the contracts awarded since April 2024 (Appendix 2).

5. Note the update on the Procurement Act.

30 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED (unanimously):

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

31 **PROCUREMENT PIPELINE**

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

RESOLVED:

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

32 **REVIEW OF ALLIANCE ENVIRONMENTAL SERVICES - UPDATE**

The committee considered the report which provided an update on the review of Alliance Environmental Services.

RESOLVED (unanimously):

That the Finance Sub Committee agree the recommendations as set out within the P2 report.

The meeting commenced at 10.00am and concluded at 13.42pm

Councillor D Clark (Chair)

OPEN

Appendix 1 – NOT FOR PUBLICATION: By virtue of paragraph 5 of Part 1 Schedule 1 of the Local Government Act 1972.

Corporate Policy Committee

6 February 2025

ICT Shared Service - Hybrid Operating Model Update

Report of: Adele Taylor, Interim Executive Director of Resources

Report Reference No: CPC/52/24-25

Ward(s) Affected: All

For Decision or Scrutiny: DECISION

Purpose of Report

1 The purpose of this report is to update the Committee on progress with the mobilisation and designs for a new hybrid model for ICT Shared Services and to seek approval for the programme to proceed into formal trade union and staff consultation.

2 The new hybrid model for ICT Shared Services contributes to Aim 1 - An open and enabling organisation particularly 1.3 Support for a sustainable financial future for the council, through service development, improvement and transformation strategic aims and objectives in the Council’s Corporate Plan 2021-25. As a technology enabler, it also underpins a wide range of Corporate Plan initiatives. Digital technologies and artificial intelligence provide opportunities and drivers for change.

3 A new Cheshire East Plan for 2025 to 2029 to provide our residents, partners and the organisation with clarity of purpose and strategic direction aligned to a new operating model and MTFS has been developed and is on the agenda for this Committee. The plan, informed by the new operating model created as part of the Transformation Plan, reflects a commitment to digital and exploring new technologies. If agreed, we will be an enabling organisation, focussed on working alongside our partners to deliver services that achieve the best possible outcomes for Cheshire East’s residents.

Executive Summary

4 The new hybrid model for ICT Shared Services (ICTSS) model involves retaining a shared network and data centre, and the separation of other ICT technical and resourced functions that are currently shared.

5 Approval was given at the February 2023 CPC meeting for the existing Shared Services Joint Committee (SSJC) to oversee progress with the transition alongside their current responsibilities through regular reports and agenda items. The SSJC will also play a key role, going forward, to oversee the delivery of retained shared service.

6 A new Shared Services Agreement and memorandum of Understanding (MOU) is currently being drafted to ensure delivery and performance.

7 In addition, it was agreed that strong Member oversight will be provided through a joint Cheshire East/Cheshire West and Chester Council scrutiny task and finish group to update on progress throughout the transition and delivery of the new hybrid model for ICTSS programme (known as the Gemini Programme).

8 A mobilisation workshop was held in February 2023 with senior officers across both councils to ensure the programme could rapidly move into action. This highly productive session covered principles to guide the programme, governance, and resourcing. In addition, lessons learned from the Best for Business programme were considered.

9 The technical workstream has made excellent progress. The new Cheshire West Microsoft 365 tenant has been successfully created. A tenant serves as a container for all Microsoft 365 services, users, and subscriptions associated with the organisation. Additionally, the migration of over 3,000 users and devices into the new environment is now 100% complete.

10 Whilst it was originally envisaged that staff would be disaggregated (following consultation) and transferred to CWAC in their existing roles to be restructured at a later date, it was identified early in the project that this ‘two hop’ approach would create more uncertainty and disruption for staff as well as risks to service delivery for both Councils. Both councils therefore developed independent service designs tailored to their specific business requirements, aiming to have the required capabilities in place by April 2025. Owing to differences between the proposed new service designs and current shared service arrangement, a restructure process will be required prior to or at the same time as the disaggregation of staff to CWAC which requires CPC approval due to the number of posts affected. However, and to be clear, there are more jobs available in the new service designs for both Councils than staff.

11 The Workforce stream has adopted a Human Resource (HR) approach to transition ICTSS staff to the new service designs, with a comprehensive HR plan approved by the Programme Board in February 2024. This plan aims to create resilient service designs and minimise redundancy risks.

12 Continuous informal engagement with Trade Union (TU) colleagues and staff has been maintained, with formal consultation planned for February 2025. Positive progress has been made with TUs, and the development and evaluation of Job Description Questionnaires (JDQs) have been completed, ensuring accurate job descriptions for future service design roles.

13 Progress to reduce third party spend and agency costs has been good with over a 25% reduction in agency roles since the start of the financial year. ICT Shared Service has reported a balanced forecast at third quarter.

14 An in-year pressure on income is being mitigated by a significant reduction in third party contract costs plus lower than budgeted staffing expenditure due to vacancies.

15 Important to note that this position is reliant on project income of £3.6m which assumes 57k project hours to be delivered this year. Should the level of commissioned hours reduce, steps will be taken to mitigate this position with a reduction in Agency staff.

RECOMMENDATIONS

The Corporate Policy Committee is recommended:

1. To note the progress made by the programme in delivering the new hybrid model for ICT.
2. To approve that the programme moves into formal consultation with trade unions and staff on the disaggregation process and proposed new structure for CEC
3. To delegate authority to Executive Director of Resources and S151 Officer to implement the revised structure following consultation.
4. To note the potential financial impact of the new service designs and the existing commitment to a shared liability for all costs.

Background

16 Following comprehensive joint work by both organisations, on 26th January 2023 Shared Services Joint Committee recommended that their constituent councils proceed with a hybrid model for ICT. The recommendation to move to a new model for ICT Services was agreed at Cheshire East Councils Corporate Policy Committee on February 9th, 2023, and Cheshire West and Chester Cabinet on February 8th, 2023.

17 This new model involves separating much of the ICT Shared Service and retaining a smaller shared service to support hosting, security, and networks. It was noted that with a hybrid model there was greater chance of the two councils fully aligning their ICT functions, while still securing economies of scale for shared infrastructure. This in turn can increase the chance of the ICT offer to be fully responsive and more efficient. Please refer to point 50 of this report for further information.

18 It was agreed that the Shared Service Joint Committee will play a key role in providing oversight throughout the programme and that a joint scrutiny task group has also be established.

19 The programme overall, continues to make excellent progress with effective governance helping to drive activities and manage risks. Both councils' future service designs are complete, along with the necessary pre-requisites for formal consultation. The technical elements of the programme are also delivering significant benefits at pace.

20 As with all complex programmes, the effective management of risks and issues is vital. Over the summer months, delays relating to the pre-requisites for commencing formal consultation and recruiting dedicated financial support, impacted progress. Through established and effective governance, these issues are now resolved, and additional resources are in place to mitigate any further delays.

21 The programme status is currently Amber overall which reflects the risks and issues highlighted above, associated with both the workforce and finance workstreams. These issues have caused a delay and impacted time and resources. Both issues are now being effectively managed ensuring the programme is still on track to deliver and remains within programme tolerance.

22 Below outlines the benefits associated with the delivery of the Gemini Programme.

Benefit	*Expected Benefit Outcome*	*Benefit Type*
Increased flexibility, agility	*Councils will have separate tenancies and greater flexibility to put in place the*	*Non-financial*

and sovereignty for each Council	*capabilities that will benefit their individual service needs and can flex the ICT model to their council's and community's needs.*	
Reduced overall cost of ICT Service	*Reduce the overall cost model (Defined at 2021/22) by £2.67m by year 3 (2025/26):* *• £1.2m Cheshire West and Chester* *• £1.47 Cheshire East*	*Financial*
Productivity	*The new model will allow councils to have a greater ICT presence working directly with services to focus on how technology and systems add value to their business process, supporting training and adoption, enable increased productivity and supporting each Council to meet the needs and demands from residents and communities.*	*Non-financial*
Managing Demand	*Putting in place key capabilities and supporting the move to user self-service through each Councils own networks (Bright Sparks and Tech Champs) to help manage the demands on ICT which will allow ICT to truly become a strategic enabler of transformation for each council.*	*Non-financial*
User benefits	*Users of ICT will experience fewer hand-offs, clearer accountability, clearer understanding of who is responsible for what aspects of ICT to ultimately receive a quicker resolution of issues and requests.*	*Non-financial*
Simplification	*Through closer working of technical and service resources the Councils will be in a better position to accelerate plans to rationalise the number of applications and to decommission redundant legacy applications.*	*Non-financial*
ICT employee benefits	*We will build on the flexibility and remote working already adopted to ensure wellbeing is at the centre of staff*	*Non-financial*

	development. It will provide stability for the service(s), removing previous complexity and uncertainty in both role and structure. Both Councils investment in modern technology and equipment is also an important attraction for ICT employees. *Advanced technology attracts ICT talent as they get an opportunity to fulfil their digital ambition and get hands-on experience with the latest technology capabilities and further contribute to the Councils' digital transformation.*	

23 Below outlines progress against the workstreams and themes of the Gemini Programme.

24 **Technical Workstream**

25 The focus of this workstream is the design, build and transfer of users to a new technical environment for Microsoft Office 365 for Cheshire West and Chester, known as a tenancy. Cheshire East will continue with their current tenancy. The original plan had been to create a new environment for Cheshire East to migrate in to however as part of the design phase we agreed that Cheshire East would remain in the existing tenant. This significantly reduced the business impact on Cheshire East users as no migration was required and instead, we are adopting the modern design principles and applying them to our current environment significantly reducing cost. The design and build of the tenancy are complete as planned.

26 The migration of users from the original 'Our Cheshire' tenancy into the new 'Cheshire West' tenancy happened in two phases. Phase one – involved the transfer of data which includes Outlook, One Drive, Teams, and SharePoint (M365). At this stage users were assigned a new email address to make it easier to access the new environment (although it is important to note that emails will be automatically redirected from previous email address to the new for the foreseeable future). Phase two of the migration involved the migration of the users' network account and their device environment. This two-phased approach was recommended to be the optimum approach by the specialist technical partner and helped to reduce disruption to users.

27 This process was a visible change for most users in CWaC, so a comprehensive communications plan was in place. This included a website, regular team briefings and the use of Digital Pioneers across CWaC services to ensure key messages reach staff.

28 The technical workstream has made excellent progress. The creation of the new Cheshire West Tenant and the migration of over 3,000 users and device into the new environment is 100% complete.

29 The tidy up of the CEC environment and modernisation work has commenced, and the final domain migration is complete.

30 **Workforce Workstream**

31 Both councils have by agreement developed independent service designs, aimed at delivering capabilities that meet both current and future needs. Each design is based on the individual business requirements of each council, ensuring a tailored approach. However, it is to be noted that there are material differences between the existing shared service structure and the new service designs.

32 It is essential to note that the councils have declared their required capabilities to be in place by April 2025. Just separating a service would not result in two new services that are ready to deliver operational services. For example, CWaC had no service design in place to populate.

33 Additionally, both councils agreed, we needed to avoid a 'two hop' approach, separate the staff, and then redesign, as it would create further uncertainty for our staff. By streamlining our processes and maintaining clear communication, we could ensure a smoother transition and better outcomes for everyone involved.

34 The Workforce workstream has taken a Human Resource (HR) approach to enable the transition of ICTSS staff to both councils' proposed service designs for ICT and digital services, as well as the recommended end-to-end HR approach which was approved by the Programme Board in February 2024.

35 This approach was agreed at board to achieve a service design that is resilient and fit for purpose, whilst limiting the exposure and risk of redundancy.

36 Informal engagement with Trade Union (TU) colleagues and staff has continued in the reporting period and will continue up to the launch of formal consultation. Focus is now centred on the prerequisite activities, with formal consultation planned to commence in February 2025. The

programme team continue to review the HR transition plan to prevent any further slippage against the programme phase 1 end date.

37 Positive engagement continues and progress is being made with TU's who are welcoming the Programme's informal and regular engagement and robust and transparent approach to their involvement. This period has seen further TU informal sessions with feedback on the employee journey and managers guides.

38 Issue with the Workforce Workstream was initially due to dependencies on the development and evaluation of Job Description Questionnaires (JDQs) in both councils. CEC had identified historic issues that needed to be resolved prior to formal engagement commencing (because of the changes in previous hosting arrangements of ICT Shared Services), although as outlined above these are now complete, which enabled us to align with the wider implications from phase 1 on the leadership review in CEC. CWaC have a service design structure with fully evaluated roles, for clarity, transparency and certainty for CWaC employees.

39 The completed JDQs for the CEC Service Design, were evaluated by both NW Employers and internal HR procedures.

40 In terms of the baselining of current roles in CEC, staff were asked to confirm the accuracy of their existing Job Description (JD) and where the current JD was not an accurate reflection of their current role, work was completed on a concise summary job profiles form (8-10 bullets). These forms were then reviewed and moderated by service managers and the CEC Business Lead. This ensured that all staff had a confirmed JD for matching to any future service design roles in both CEC and HR slot-in processes and to enable staff to be placed into organised groupings as far as possible to enable a TUPE transfer of disaggregated staff to CWaC. This was an agreed key pre-requisite for formal consultation.

41 It should be noted that the original intention was for a shared split of staff West/East under a TUPE like process on the same jobs, terms, and conditions of employment. However, this is no longer possible or appropriate because of the proposed new service designs which envisage material changes to some of the existing job roles.

42 Following CEC Organisational Change Policy and Procedure and using the Restructuring toolkit, initial preparations have commenced prior to consultation to identify staff who may be either "slotted in" to a new or existing role, or to a competitive role, or identified as potentially at risk of redundancy as there may be no obvious role in the proposed new structure. In order to assist with a smooth transition, CWaC undertook

a similar process to identify organised groupings of staff, in order for them to express their preference for either a CEC or CWaC role.

43 Please see further information in the Part 2: Legal Implications Report, in appendix 1.

44 **Finance Workstream**

45 The programme's finance workstream lead left the programme in March 2024 and this left a crucial gap in financial management which was flagged to the Board and added to the issue log. Unfortunately, the recruitment process to replace the postholder became protracted and efforts to find temporary support from CWaC finance team were unsuccessful due to their existing capacity issues and commitments.

46 In August 2024, the programme worked with the CWaC finance team to secure an agency member of staff, and the individual is now in place and has commenced work on the programme.

47 Progress to reduce third party spend and agency costs has been good with over a 25% reduction in agency roles since the start of the financial year. ICT Shared service has reported a forecast of net nil at third quarter / Financial Review 3.

48 An in-year pressure on income is being mitigated by a significant reduction in third party contract costs plus lower than budgeted staffing expenditure due to vacancies.

49 Important to note that this position is reliant on project income of £3.6m which assumes 57,000 project hours to be delivered this year. Should the level of commissioned hours reduce, steps will be taken to mitigate this position with a reduction in Agency staff.

50 **Phase 2 – Future Models for the Shared Data Centre and Network**

51 The Gemini Programme as it originally stood, assumed a separation of most ICT functions and the retention of a smaller shared service for hosting and networks. The decision to move to a new model alluded to the need to review the longer-term future of this proposed shared arrangement in line with the latest technology trends, council objectives and available financial resources.

52 Members were made aware at a previous Shared Service Joint Committee that a further joint review was commissioned to provide clarity on the longer-term future of the retained shared service. The review concluded that an on-premises data centre is no longer the optimum hosting platform that both councils should invest in. It also concluded that a shared network, as currently delivered, is not a long-

term viable model for delivery due to advances in connectivity services and technology and the changing nature of how the councils want to operate.

53 It was therefore recommended that each council should move away from the shared model by 2027 (or sooner) and migrate application hosting to a cloud ‘infrastructure as a service’ model. It also recommended that each council should pursue their own, more flexible model, for networks provision. It was recommended that a preparation phase is commenced to facilitate this due diligence and further development of the business case. The decision will then proceed through the appropriate decision-making bodies.

54 The cloud hosting and infrastructure simplification programme preparation work has now been completed. Both a Programme Brief and Preparation Plan for Phase 2 have been completed and reviewed by BDA (Business Design Authority) and the Phase 2 Programme Definition Document has been presented and approved at Gemini Programme Board.

55 Key work packages have been delivered by the ICTSS to address known information gaps identified in the options appraisal. Key mobilisation projects have also been defined and initiated around the migration of virtual machines from the existing end of life hosting environment and replacement VPN solution where there are constraints around contract end dates that must be addressed within the programme definition stage. Two additional security-based projects have been initiated - Security Operations Centre and Zero-based trust projects - to enhance the councils’ security operating model and posture.

Consultation and Engagement

56 There has been full consultation and engagement with members, unions, staff, Senior managers in both Councils and Schools on the move to a hybrid model and approach to the reconfiguration of the service.

57 External assurance has been undertaken at each stage of the process with Infotech and Gartner. A service review and assessment performed by Inner Circle as part of the Transformation Programme Digital Workstream.

Reasons for Recommendations

58 The new hybrid model for ICT Shared Services contributes to Aim 1 - An open and enabling organisation particularly 1.3 Support for a sustainable financial future for the council, through service development, improvement and transformation strategic aims and objectives in the Council's Corporate Plan 2021-25. As a technology enabler, it also underpins a wide range of Corporate Plan initiatives. Digital technologies and artificial intelligence provide opportunities and drivers for change.

59 A detailed piece of work was undertaken to understand what each council required from ICT services. A range of alternative models including enhancing the shared service, moving to a managed service, outsourcing ICT, a full separation, and hybrid model were considered. The enhanced model and hybrid model were taken forward for further consideration as the other options would not deliver the benefits, represent value for money or align with the councils' priorities and deliverability. The officer project board considered two options - improving the 'as is' model, and a new hybrid operating model - that involves separating some elements of the service where strategy and policy do not align. Both councils already have separate ICT client functions.

Other Options Considered

60 The improved 'as is' option meant taking some decisions that would not destabilise the current model but would not introduce sufficient improvements to provide the Councils with an improved service that could allow for greater freedoms to deliver against their strategies. Central to this is the recognition and acceptance that the two Councils have different local priorities, policies, and requirements. The move to separate Microsoft Office 365 tenancies for each council, splitting the single tenancy that currently exists between the two Councils would provide greater flexibilities for each to adopt various single elements of Microsoft platforms to better suit their needs. It still required an alignment between the two Councils on security requirements and the customer support model but would allow a greater choice of device. Other improvements would include the introduction of industry standards which provide a high degree of focus of customer satisfaction and end user requirement.

61 The Hybrid option builds on many of the initial aspects of the improved 'as is' approach, but then recognises the further opportunities that this then presents. It capitalises on all the work achieved over the last decade by the Shared Service and the maturing of the IT market into a consumable service model by providing a solid platform from which to move forward, recognising that each Council has different drivers and

priorities, recommending a staged and pragmatic approach to implementation to minimise or negate service disruption.

62 The Hybrid option recognises the value of some important elements of the shared service, principally the network management and the datacentre remaining shared in the medium term but moves it to the next logical step for the Councils if they are not progressing with a single set of core services which form the backbone of the Shared services business model. This will create two separate IT and Digital functions, one for each Council, where this makes sense, migrate applications to the Cloud, and decommissions all legacy functions. However, the degree of technical integration in the single core on-premises platform (the Kelly House Datacentre) will mean taking a long term and staged approach.

63 This is an important consideration, as it brings together the clarity of shorter-term goals with the depth of longer-term planning. However, this approach will provide each Council with the desired control of their digital and technology roadmaps. In the longer term it also will allow for an orderly and safe retirement of the remaining technical debt the Councils share.

Implications and Comments

Monitoring Officer/Legal

64 Members are asked to refer to Appendix 1: PART 2 LEGAL IMPLICATIONS FOR GEMINI CPC REPORT.

Section 151 Officer/Finance

65 To transition to a new model, one-off investment of (mix of capital and revenue) £5.1m (£2.55m per Council) has been approved. This will provide technical resources and external specialist technical support to create and migrate the councils to new tenancies; transformation support, backfill for corporate enablers and shadow management to ensure the delivery of the programme and transition of the workforce; and a level of contingency to ensure that the programme can respond to potential risks.

66 The one-off costs will be shared 50:50 across the two councils. The investment costs above have been fully considered by both councils and prudently assessed. Soft market testing with Microsoft gold partners and reference calls with other local authorities has taken place to secure realistic supplier costs for the technical aspects of the change which makes up a sizeable proportion of the costs. Any existing capital budgets that would already be incurred have been excluded from the

table above to provide clarity on the total additional one-off cost required. council's budget planning which is currently the case.

67 The proposal projects expenditure savings of £2.67m per annum from year 3 in total for both councils. Most of the savings would be achieved through workforce changes, particularly reduction in the use of contractors and removing vacant posts. Contract costs are also expected to reduce by £0.5m. The scale of the benefit varies for each council as they start from different points in terms of technology investment.

68 Potential organisational structures have been modelled in each council to provide assurance that a viable and affordable service is possible in line with the projected benefits. It should be noted that this financial benefit avoids the project future overspend. It must be noted that each council will make different choices on their organisational structures and ICT configuration so may secure more savings than these projected benefits. These benefits also combine capital and revenue.

Policy

69 The new hybrid model for ICT Shared Services contributes to Aim 1 - An open and enabling organisation particularly 1.3 Support for a sustainable financial future for the council, through service development, improvement and transformation strategic aims and objectives in the Council's Corporate Plan 2021-25. As a technology enabler, it also underpins a wide range of Corporate Plan initiatives. Digital technologies and artificial intelligence provide opportunities and drivers for change.

Equality, Diversity, and Inclusion

70 The recruitment and selection process will be open, fair and inclusive which reflect our vision, values and Employee Deal, ensuring objective recruitment decisions are made.

71 An Equality Impact Assessment was conducted as part of the preparation for the restructure consultation.

72 Consultation will be aligned to CEC HR policies and procedures and that during the consultation staff will have the opportunity to feed into the process on any matters or concerns.

Human Resources

73 All staff working in the current shared service (ICTSS) arrangement are employed by Cheshire East Council. Any change of this nature has created uncertainty for staff. Throughout the implementation process,

staff and Trade Unions have been briefed. There has been full consultation and engagement with unions on the move to a hybrid model, informing a more detailed design of a new model and the approach to the reconfiguration of the service, including any disaggregation process. Full consultation with staff needs to follow.

74 Both councils fully recognise the vital contribution of all staff involved in supporting services with their technology requirements and this is a significant change for how the workforce will operate. An approach has been adopted to support all staff through this transition while remaining focused on delivering a new model for ICT. Key aspects of the approach include:

(a) Fully engaging with the workforce on the model and ensuring that appropriate mechanisms are in place to support the ongoing engagement of and communication with the workforce.

(b) Fully consulting with the representative trade unions to ensure that workforce views are considered throughout.

(c) Putting in place arrangements for a fair disaggregation of staff to provide assurance to staff about their future.

(d) Enhancing opportunities for growth and development within the workforce to ensure that there are the right skills available for both Councils.

(e) Exploring measures that enhance retention and recruitment during and after the transition.

(f) Minimise as far as possible any uncertainty which may be felt throughout the transition and provide clarity and assurance to the workforce.

(g) Reducing the use of agency staff in non-specialist areas.

(h) Where possible, avoiding redundancies.

Risk Management

75 Like any major project, the transition will not be without challenges, but key risks have been identified and mitigations planned. Members are asked to note that the risk of doing nothing will mean more complexity, additional ongoing costs, and a less responsive model.

76 A fully scored risk register is managed and reported on as part of the Gemini Programme and member governance.

Rural Communities

77 The fundamental principles proposed in the ICT Strategy ensures that inclusion is at the heart of all proposals including our rural communities.

78 ICT Services will continue to coproduce and collaborate with the Cheshire and Merseyside regional connectivity teams, the Local Enterprise Partnership and Connected Cheshire programme at both a Cheshire East Place and at the Cheshire and Merseyside regional level to ensure that the updated ICT Strategy will meet their integration and connectivity needs.

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

79 ICT Services continues to work with the Children's Services Transformation Board and Schools to determine ICT requirements for inclusion in the updated ICT Strategy.

Public Health

80 ICT Services continues to work with the Adults, Health, and Integration Departmental Management Team to determine ICT requirements for inclusion in the updated ICT Strategy.

81 ICT Services continues to coproduce and collaborate with Health and Social Care colleagues at both a Cheshire East Place and at the Cheshire and Merseyside regional level to ensure that the updated ICT Strategy will meet their integration and data sharing needs.

82 ICT Services also continues to work with North West Adults Directors of Social Care (NW ADASS) colleagues to coproduce and collaborate at a regional level to ensure that the updated ICT Strategy will meet their integration and data sharing needs.

Climate Change

83 One of the principles of the ICT Strategy is to "ensure ICT governance and architectural practices are sustainable for the future." The ICT Strategy enables the Council's commitment to be carbon neutral by 2025 and, by adopting Cloud first technology, influence carbon reduction across the ICT estate.

Access to Information	
Contact Officer:	Gareth Pawlett, Director of Digital Gareth.pawlett@cheshireest.gov.uk
Appendices:	Appendix 1: PART 2 LEGAL IMPLICATIONS FOR GEMINI CPC REPORT
Background Papers:	Previous reports to the Corporate Policy Committee Agenda for Corporate Policy Committee on Thursday, 9th February 2023, 10.00 am | Cheshire East Council Agenda for Corporate Policy Committee on Thursday, 6th October 2022, 10.00 am | Cheshire East Council Previous reports to the Joint Committee can be found here: Browse meetings - Shared Services Joint Committee | Cheshire East Council

By virtue of paragraph(s) 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

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