

# Council Agenda

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**Date:** Wednesday 17th February 2021  
**Time:** 11.00 am  
**Venue:** Virtual Meeting

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## How to Watch the Meeting

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

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

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

1. **Prayers**
2. **Apologies for Absence**
3. **Declarations of Interest**

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

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

To approve as a correct record the minutes of the meeting of Council held on 16 December 2020.

5. **Mayor's Announcements**

To receive such announcements as may be made by the Mayor.

6. **Public Speaking Time/Open Session**

In accordance with paragraph 1.32 of the Council Procedure Rules and Appendix 7 to the rules, a total period of 15 minutes is allocated for members of the public to speak at Council meetings. Individual members of the public may speak for up to 2 minutes, but the Chairman will have discretion to vary this requirement where they consider it appropriate.

Members of the public wishing to ask a question or make a statement at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

7. **Leader's and Deputy Leader's Announcements**

To receive such announcements as may be made by the Leader and Deputy Leader.

8. **Recommendation from Cabinet: Third Quarter Review (FINANCE) 2020/21**  
(Pages 17 - 122)

To consider the recommendations from Cabinet.

9. **Recommendation from Cabinet: Corporate Plan and Medium-Term Financial Strategy 2021-25** (Pages 123 - 134)

To consider the recommendations from Cabinet.

*Note: The Corporate Plan and Medium-Term Financial Strategy documents for this item have been circulated as a separate document to all members of the Council. Members are asked to use this version of the documents when the item is considered at the meeting.*

10. **Council Tax Statutory Resolution** (Pages 135 - 150)

To set the Council Tax for Cheshire East for the financial year 2021/22.

11. **Recommendation from Staffing Committee - Pay Policy Statement 2021/22**  
(Pages 151 - 168)

To consider the recommendations from the Staffing Committee.

12. **Notices of Motion** (Pages 169 - 172)

To consider any Notices of Motion that have been received in accordance with paragraph 1.34 of the Council Procedure Rules

13. **Questions**

In accordance with paragraph 1.18 of the Council Procedure Rules, opportunity is provided for Members of the Council to ask the Mayor, the appropriate Cabinet Member or the Chairman of a Committee any question about a matter which the Council, the Cabinet or the Committee has powers, duties or responsibilities.

At Council meetings, there will be a maximum question time period of 30 minutes. A period of two minutes will be allowed for each member wishing to ask a question. The Mayor will have the discretion to vary this requirement where they consider it appropriate. Questions will be selected by the Mayor, using the criteria agreed by Council. Any questions which are accepted, but which cannot be dealt with during the allotted period will be answered in writing. Questions must be brief, clear and focussed.

14. **Reporting of Urgent Decisions taken by the Chief Executive** (Pages 173 - 174)

To note the urgent decisions taken by the Chief Executive on behalf of Council.

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**CHESHIRE EAST COUNCIL**

Minutes of a virtual meeting of the **Council**  
held on Wednesday, 16th December, 2020

**PRESENT**

Councillor B Burkhill (Mayor)  
Councillor S Edgar (Deputy Mayor)

Councillors B Burkhill, S Edgar, Q Abel, M Addison, S Akers Smith, M Asquith, R Bailey, J Barber, M Beanland, M Benson, L Braithwaite, J Bratherton, S Brookfield, D Brown, C Browne, J Buckley, C Bulman, P Butterill, J Clowes, S Corcoran, L Crane, A Critchley, S Davies, T Dean, D Edwardes, B Evans, H Faddes, A Farrall, JP Findlow, K Flavell, R Fletcher, T Fox, A Gage, S Gardiner, L Gilbert, M Goldsmith, A Gregory, P Groves, S Handley, A Harewood, G Hayes, S Hogben, S Holland, M Houston, M Hunter, D Jefferay, L Jeuda, A Kolker, C Leach, I Macfarlane, N Mannion, D Marren, A Martin, A Moran, R Moreton, D Murphy, J Nicholas, K Parkinson, J Parry, S Pochin, B Puddicombe, P Redstone, J Rhodes, L Roberts, J Saunders, M Sewart, M Simon, L Smetham, J Smith, L Smith, D Stockton, A Stott, R Vernon, L Wardlaw, M Warren, J Weatherill, P Williams, J Wray and N Wylie

**24 PRAYERS**

The Reverend Ralph Kemp said prayers at the request of the Mayor.

**25 APOLOGIES FOR ABSENCE**

Apologies were received from Councillors S Carter and B Murphy.

**26 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**27 MINUTES OF PREVIOUS MEETINGS**

On consideration of the minutes, Councillor R Bailey referred to a question she had asked in relation to 20 mph zones at the meeting of 21<sup>st</sup> October 2020 as referred to in Minute 18. She said that in asking the question, she had referred to the impact on the surrounding roads of Sandbach. She also pointed out that 'Audlem' had been misspelt in the minutes as 'Audlum'. She asked that the minutes be amended in respect of both matters.

## **RESOLVED**

That subject to the amendments requested by Councillor Bailey, the minutes of the meetings held on 21<sup>st</sup> October 2020 and 19<sup>th</sup> November 2020 be approved as a correct record.

## **28 MAYOR'S ANNOUNCEMENTS**

The Mayor

1. Expressed his pride at the way in which Cheshire East Council had responded to the Coronavirus emergency and thanked staff for their hard work, ingenuity and commitment over what had been a very difficult and challenging year. He also paid tribute to those across Cheshire East who had kept essential services working, including doctors, nurses and paramedics, and those working in care homes. Finally, he paid tribute to the work of members of the Council in providing leadership in their communities over the last year.
2. Extended his sympathies to the families and friends of those who had lost their lives due to Coronavirus.
3. Expressed his appreciation of the Chief Executive who had joined the Council at a difficult time.
4. Referred to the Council's momentous decision to move to a Committee system from next May. He thanked all Members for the way in which the debate had been held at the Special Meeting, and he also thanked the Officers for the tremendous amount of work that they had done over many months to prepare the way for the decision.
5. Said that it had been a privilege to serve a second year as Mayor in difficult times but wished that it had not been necessary.
6. Wished everyone a peaceful Christmas.

## **29 PUBLIC SPEAKING TIME/OPEN SESSION**

Sue Helliwell asked the Council to provide free parking to support local businesses and residents. She also referred to a lack of public consultation and funding in relation to active travel schemes. The Leader responded that shop keepers in Knutsford had asked that parking charges be kept in order to prevent office workers from using spaces intended for shoppers. With regard to active travel schemes, he commented that all members had been emailed on 4<sup>th</sup> August. A public consultation was launched was still running. Of nine schemes put forward, one had been withdrawn and several others amended in response to comments received during the consultation. The Deputy Leader added that Sue Helliwell's reference to a £26m projected spend was actually a projected budget

deficit resulting from additional costs and lost revenue arising from Covid-19, and this had now fallen to £13m, largely due to the work of officers.

Congleton Town Councillor Robert Douglas stated that the Council's proposals for household waste recycling sites, which were out to public consultation, were misleading in that they were based on the period of the first lockdown when many residents did not use the sites and that the figures of usage were much higher than stated. He also said that the proposals did not include a detailed analysis of the environmental impact and the likely increase in fly tipping. He asked that the current consultation be withdrawn and that any future proposals contain up to date information and address environmental impact. The Portfolio Holder for Highways and Waste responded that sufficient information was available during the current consultation and she encouraged people to respond before the close of the consultation on 4<sup>th</sup> January 2021.

Macclesfield Town Councillor Fiona Wilson indicated that the Town Council was supporting the '20 is Plenty' initiative and she asked Cheshire East Council to support the motion before them today. She said that the initiative would support active travel schemes and lead to safer streets and lower carbon emissions. The Mayor indicated that the matter would be debated later in the meeting.

Nick Cheetham also asked the Council to support the '20 is Plenty' motion on the agenda and referred to his experience of living in Edinburgh where a city-wide 20 mph restriction had been introduced.

Jane Smith asked the Council to ban trail hunting on its land. The Portfolio Holder for Environment and Regeneration responded that the Council's current policy did not allow hunting with hounds, or the promoting of such activities, on its land. The Council retained such rights when granting leases. There were a few instances where the Council was unable to exercise such control where a lease predated the creation of the Council in 2009 but these related to quite small pieces of land.

Brian Fox urged the Council to support the '20 is Plenty' motion on the agenda as a way of providing an environment which would enable children to move about freely and safely.

Mary Edwards also asked the Council to support the '20 is Plenty' motion as a way of providing a safe environment which people of all ages could enjoy.

The Mayor encouraged all those who had spoken on the '20 is Plenty' motion to remain for the debate later in the meeting.

Connor Naismith referred to a motion on the agenda in relation to bullying and asked if the culture at Cheshire East Council had improved. The Leader responded by giving an assurance that the culture had improved, referring to the Brighter Futures programme set up by the previous

administration in response to a report by the Local Government Association, and which was continuing. The new administration had submitted the Council to an LGA peer review and earlier this year which had concluded that there had been remarkable progress in the culture of the organisation over a relatively short space of time.

The Mayor referred to an unsigned letter which had been submitted to the Council. It was the Council's policy that the identity of those who ask questions should be known. The letter had been included in the papers for the meeting and the Mayor was content that the inclusion of the letter was sufficient for the purposes of the meeting.

The Mayor placed on record his own appreciation of all staff. He referred to a proposal in the budget to increase the pay of staff by 2.5% but went on to say that this proposal had been included in the budget before the Government's recent announcement that it intended to freeze public sector pay.

### **30 LEADER'S AND DEPUTY LEADER'S ANNOUNCEMENTS**

The Leader of the Council, in summary:

- Reported, in relation to the coronavirus pandemic, that the government would announce what tier of restrictions Cheshire East would be in over Christmas, later today. The speed of decrease in the infection rate had levelled off recently and in the last few days had started to rise again. He urged all residents to remember the basic steps needed to keep safe.
- Reported that, in September, when it was clear that the second wave was starting, Cllr Craig Browne and he had written to the Secretary of State asking for more local control of Test-Trace and increased powers to enforce restrictions locally. The Council had now been granted most of the powers it had requested in September. The Council would use the new powers to work with businesses to ensure that their establishments were Covid-secure. However, the powers available to the Council, which included the power to issue improvement notices and immediate restriction notices, would enable the Council to act more quickly where businesses were in breach of the regulations and people were put at risk.
- Reported that, in October, all leaders of Cheshire local authorities had jointly submitted a request for financial support from Government to assist local businesses. A reply was still awaited.
- Reported that the Pfizer vaccine was now being rolled out across Cheshire, and the AstraZeneca vaccine was not far behind. Although it would take some months for the vaccination programme to be rolled out, he felt that, once we were through what was likely to be a difficult

winter, we could look forward to a better 2021. He wished everyone a merry and safe Christmas.

The Deputy Leader of the Council, in summary:

- Reported that there had been a positive response following the consultation on the Corporate Plan. The Council would be considering all feedback received and making some refinements to the Plan in the new year.
- Reported that, following consultation in 2019, the draft SADPD had been amended, removing a number of green belt sites from local service centres. Further representations were being received and would be sent, with the final draft, for examination by a planning inspector.
- Reported that Covid restrictions had had an impact on planning applications, enforcement, Section 106 Agreements and Discharge of Conditions applications, which were all taking longer to process. The Council was intending to address this through additional staffing resource but in the meantime was making some temporary changes to services, the details of which would be notified to all members.
- Reported that the Council's response to the Greater Manchester proposal for a Clean Air Zone had been submitted on 3<sup>rd</sup> December. A response was expected in the spring.
- Reported that the Council's response to the HS2b Western Leg Refinements consultation had been submitted on 11<sup>th</sup> December.
- Reported that the Chancellor had presented his Spending Review 2020 on 25<sup>th</sup> November. The details of this would potentially have implications for the Council's MTFs, and those details were expected to be announced tomorrow. The Council had launched its own consultation of the MTFs on 2<sup>nd</sup> December, and people were encouraged to submit their responses to the Council's proposals on the Cheshire East website.
- Hoped that everyone would be able to celebrate Christmas in a way that was special to them, and looked forward to returning to a more familiar way of life in 2021.

The Mayor echoed the comments of the Leader and Deputy Leader that everyone keep themselves healthy and safe over the Christmas and winter period.

### 31 **DOMESTIC TAXBASE 2021/22**

Consideration was given to the recommendations of Cabinet on 1<sup>st</sup> December 2020 in relation to the domestic tax base 2021/22.

The Portfolio Holder for Environment and Regeneration, as the Cabinet member responsible for housing, welcomed the proposal that the premium charged for properties that had been empty for 10 years or longer be increased from 200% to 300% as a way of bringing properties back into occupation across the Borough.

## **RESOLVED**

That

1. in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2021/22 be 153,796.10 for the whole area;
2. the premium charged for property that has been empty for 10 years or longer be increased from 200% to 300%; and
3. the Council Tax Support Scheme for 2021/22 be unchanged, other than increasing the income bands in line with CPI.

## **32 NOTICES OF MOTION**

Consideration was given to the following Notices of Motion, which had been submitted in accordance with paragraph 1.34 of the Council Procedure Rules:

### **1. 20's PLENTY IN 2020**

**Proposed by Councillor S Akers Smith and seconded by Councillor J Barber**

*Cheshire East is a caring council, where the needs of residents come first. 20mph speed limits improve quality of life, helping to create places where walking, cycling, conversations and playing are prioritised over vehicle traffic.*

*20mph speed limits are supported by many bodies including the National Institute for Health and Care Excellence (NICE), the Royal College of Paediatrics & Child Health, Alzheimer's Society, Cycling UK, World Health Organisation, Cheshire Police and Crime Commissioner, Transition Towns and cities, towns and parish councils and community groups.*

*30mph speed limit was created in 1934 and has never been reviewed, despite a significant increase in number of vehicles from 1.5 million to 40 million. The speed and weight of vehicles kills 5 people every day in the UK, which prevents people from feeling safe walking and cycling.*

*Reducing the default speed limit to 20mph on most urban and residential roads except where it is safe and compatible with community needs for it to be 30mph, will encourage parents to allow their children to walk and cycle to school, creates safety for those using mobility aids and the partially sighted and will help many people feel safer cycling on the roads because lower speeds make the environment feel safer. This change will also reduce congestion, improve air quality and improve the fitness of the borough's residents, as well as improve the economies of town centres by making them nicer places for people to want to spend time in.*

*In 2019 Cheshire East Council committed to fight climate change and implementing a default 20mph speed limit in areas where there is a mix of vehicles, pedestrians and cyclists will help us achieve this. I urge councillors to make a real change to their communities and vote in support of this much needed Motion and join 21million other people in this country who have adopted the same policy, a default 20mph in central, urban and residential areas across the borough, unless where it is safe and compatible with community needs for it to be 30mph.*

*The Motion for "20's Plenty in 2020" asks Council to resolve to lend its support to:*

- 1. The principle of introducing a default 20mph speed limit in central, urban and residential roads (these to be formally agreed in line with the law and the Council's decision-making arrangements) - not a blanket measure.*
- 2. Consideration of the practicalities and timescales of introducing such a scheme in consultation with the Director of Highways and Infrastructure, and the Portfolio Holder for Highways and Waste, with formal consideration by the appropriate decision-making body/bodies, as early as possible in 2021.*
- 3. Working with Cheshire police to help maintain compliance, once such arrangements are established.*
- 4. Working with town and parish councils and the community, collaboratively and financially, to achieve the objectives of this Notice of Motion.*

*An amendment to the motion was proposed by Councillor L Crane and seconded by Councillor N Mannion as follows:*

*To replace points 1 and 2 with the following:*

- 1. The principle of introducing a default 20mph speed limit where appropriate, not a blanket measure. This would be through the review of the Speed Management Strategy which is scheduled to take place in 2021 and the points raised, both for and against, during today's debate be considered during this process.*

Points 3 and 4 would still stand.

Councillor S Akers Smith and Councillor J Barber indicated their acceptance of the amendment.

The motion as amended now constituted the substantive motion before Council.

An amendment to the new substantive motion was proposed by Councillor J Clowes and seconded by Councillor M Simon which replaced reference to '20 mph limits' with '20 mph zones' and proposed that a cross party working group be appointed by the Environment and Regeneration Overview and Scrutiny Committee to consider the introduction of 20 mph zone schemes.

On being put to the vote, the amendment was declared lost.

A further amendment to the new substantive motion was proposed by Councillor P Williams and seconded by Councillor M Goldsmith as follows:

To replace point 1 with the following:

1. *The principle of introducing 20mph speed restrictions where appropriate – not a blanket measure. This would be through the review of the Speed Management Strategy which is scheduled to take place in 2021 and the points raised, both for and against, during today's debate be considered during this process.*

The remaining points would still stand.

Councillor S Akers Smith and Councillor J Barber indicated their acceptance of the amendment.

The motion as amended now constituted the substantive motion before Council.

**RESOLVED:**

That Council supports the motion as amended as follows:

1. The principle of introducing 20mph speed restrictions where appropriate – not a blanket measure. This would be through the review of the Speed Management Strategy which is scheduled to take place in 2021 and the points raised, both for and against, during today's debate be considered during this process;
2. Working with Cheshire police to help maintain compliance, once such arrangements are established; and

3. Working with town and parish councils and the community, collaboratively and financially, to achieve the objectives of the motion as amended.

## **2. Support for Town Centres over Christmas and New Year**

**Proposed by Councillor J Clowes and seconded by Councillor S Gardiner**

*We propose that this Council support the cessation of car park charges on all Cheshire East Council-owned car parks that directly serve the Borough's Towns, Market Town and principal Service Centres for the period:*

- *To commence from 3rd December 2020 when current Covid-19 restrictions are lifted (or whichever date in December is permitted, whereby compliance with national and local Covid-19 restrictions may be achieved).*
- *The car park charges respite period to end at the end of business on 17th January 2021.*

*This action will provide the Borough's town centre traders with an essential and welcome boost once the current lockdown ends, whilst also encouraging Cheshire East Residents to "Shop Local".*

Councillor Clowes referred to the discussion on this matter at the Cabinet meeting on 1<sup>st</sup> December and expressed disappointment that Cabinet had not supported the proposal. With Christmas now just a week away, it was now too late to pursue the actions proposed in the motion and consequently the motion was withdrawn.

## **3. Bullying is Unacceptable in Cheshire East**

**Proposed by Councillor J Parry and seconded by Councillor D Murphy**

*We are committed to providing a caring, friendly, tolerant and safe environment for all of our communities so they can participate in positive work, learning, social activity and enjoy a happy retirement. Bullying of any kind is unacceptable for anyone here in Cheshire East.*

**RESOLVED:**

That the Motion be approved.

33 **QUESTIONS**

Councillor S Brookfield asked if the Government had raised unrealistic expectations about visiting in care homes, and whether care homes in Cheshire East would have the necessary resources to undertake the additional work involved. The Portfolio Holder for Adult Social Care responded that officers were working closely with Public Health and the care homes to support the roll-out of testing.

Councillor M Simon asked how the Council could ensure that the work of the Crewe Town Board was adequately scrutinised. The Portfolio Holder for Environment and Regeneration responded that information on the work of the Board was available on the Council's website and that the work of the Board was adequately scrutinised by the Council in its role as the Accountable Body.

Councillor J P Findlow asked what had happened to the rejuvenation of Macclesfield Town. The Portfolio Holder for Environment and Regeneration responded that he would be inviting local members to a briefing on the matter in the spring. Councillor Findlow also asked if the Council would be reviewing local service centres such as Prestbury. The Portfolio Holder was not aware of any plans relating to villages.

Councillor L Smetham asked for an update on the number of planning appeals still in the pipeline. Such update reports had regularly appeared on planning agendas until recently. The Portfolio Holder for Planning referred to a recent email to Members outlining current pressures on the Planning Department, but asked Cllr Smetham to email details of her concerns to her, whereupon she would respond in writing.

Councillor R Fletcher sought an assurance that the funding currently in the Medium Term Financial Strategy for highway improvements to Bank Corner, Alsager would not be removed from the Capital Programme. The Portfolio Holder for Highways and Waste responded that the proposed junction improvement works were currently at the feasibility stage and that this would establish the scope of the necessary works and their costs which in turn would establish whether the scheme would proceed.

Councillor A Gage referred to a local resident who had an adult son with special care needs who until recently had attended the Beeches Day Care Centre. Earlier this year, Council funding had been withdrawn. He asked why the funding had been withdrawn. The Portfolio Holder for Adult Social Care undertook to provide a written response.

Councillor D Stockton wished to ask a question on a specific issue relating to environmental impacts. He had no evidence that the Council had followed up on, and enforced, an appeal decision by the Secretary of State. He provided a reference number for further information and asked that the Portfolio Holder for Planning provide a written response.

Councillor M Benson referred to the two-way cycling scheme introduced in Sandbach and said that he had not been consulted on the scheme which had resulted in the loss of much-needed parking and had attracted objections from local residents. The Portfolio Holder for Highways and Waste responded that Councillor Benson had received an email on the matter on 4<sup>th</sup> August and that no comments had been received until after the scheme had been put in place.

Councillor H Faddes referred to individuals with mental health problems living on the streets during the winter and asked about the Council's arrangements for dealing with this. The Portfolio Holder for Environment and Regeneration referred to the Council's Severe Weather Emergency Plan and gave an assurance that dedicated teams were in place for dealing with rough sleeping.

Councillor S Pochin referred to the committee system to be introduced in May 2021 and asked the Leader to ensure that all members, including those who did not belong to a political group, would have a seat on a committee. The Leader responded that this was currently under consideration.

Councillor D Murphy expressed concern at the potential loss of a waste recycling centre in Congleton. The Portfolio Holder for Highways and Waste responded that it would be inappropriate to comment at the present time as the public consultation was underway. The outcome of the consultation would be reviewed in due course.

34 **REPORTING OF URGENT DECISIONS TAKEN BY THE CHIEF EXECUTIVE**

Council received a schedule of urgent decisions taken by the Chief Executive on behalf of the Council which was reported for information in accordance with Appendix 4 of the Council procedure rules.

**RESOLVED:**

That the schedule of urgent decisions be noted.

At the conclusion of the formal business of the meeting, the Mayor congratulated Mr Brian Reed, Head of Democratic Services and Governance, on having served in local government for 35 years.

The Mayor wished everyone a happy Christmas and closed the meeting.

The meeting commenced at 11.00 am and concluded at 4.30 pm

Councillor B Burkhill  
MAYOR/CHAIRMAN

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**COUNCIL MEETING – 17<sup>TH</sup> FEBRUARY 2021****THIRD QUARTER REVIEW (FINANCE) 2020/21****RECOMMENDATION**

That Council approve:

- **fully funded supplementary revenue estimates above £1,000,000 relating to Covid-19 grants in accordance with Financial Procedure Rules as detailed in Appendix 2 Table 1;**
- **supplementary capital estimate of £1,808,000 relating to Best4Business in accordance with Financial Procedure Rules as detailed in Appendix 4, Annex D;**
- **an additional Supplementary Capital Estimate of up to £3,500,000 from the Public Sector Decarbonisation Fund to further the Council's carbon neutrality objectives; and**
- **an additional Supplementary Capital Estimate in relation to £1,523,750 from The Department for Business, Energy and Industrial Strategy (BEIS) for Green Homes Grant, Local Authority Delivery Scheme Phase 1B (GHG LAD P1B).**

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Extract from the Minutes of the Cabinet meeting on 2<sup>nd</sup> February 2021

**81 THIRD QUARTER REVIEW (FINANCE) 2020/21**

Cabinet considered a report on the Third Quarter Review (Finance) 2020/21.

The report had been considered by the Corporate Overview and Scrutiny Committee at its meeting on 28<sup>th</sup> January 2021. Councillor J Clowes, Chairman of the Corporate Overview and Scrutiny Committee, presented the Committee's comments on the report to Cabinet and asked that they be appended to the Cabinet minutes.

The Portfolio Holder for Environment and Regeneration reported additional funding that was likely to be made available to support the Council in relation to the Public Sector Decarbonisation Scheme and Green Homes Grant, which would require additional recommendations to Council for supplementary capital estimates. Further details were displayed on screen during the meeting and are appended to these minutes.

**RESOLVED**

That Cabinet

1. notes the contents of the report, and annex, and the associated impact on reserves, and the Medium Term Financial Strategy, related to the outturn position and the deferral of certain Covid-19 related financial items;
2. approves the management of any variation to the outturn as follows:
  - Surplus / Deficit in non-Covid-19 related expenditure / income is allocated to the Medium Term Financial Strategy Earmarked Reserve; and
  - Surplus / Deficit in Covid-19 related expenditure / income is allocated to the Covid-19 Earmarked Reserve;
3. approves the supplementary revenue estimates of £620,000 relating to the Northern Powerhouse 11 grant and £921,000 Restrictions Support grant (Appendix 2 Table 1 to the report);
4. notes the supplementary estimates approved to date in relation to Covid-19 activity (Appendix 2, Table 2);
5. approves the supplementary capital estimates relating to schools condition capital grant £589,604, towns fund £750,000 and grant to support our carbon neutral ambition up to the value of £932,661 (Appendix 4, Annex C); and
6. recommends to Council to approve:
  - fully funded supplementary revenue estimates above £1,000,000 relating to Covid-19 grants in accordance with Financial Procedure Rules as detailed in Appendix 2 Table 1.
  - supplementary capital estimate of £1,808,000 relating to Best4Business in accordance with Financial Procedure Rules as detailed in Appendix 4, Annex D.
  - an additional Supplementary Capital Estimate of up to £3,500,000 from the Public Sector Decarbonisation Fund to further the Council's carbon neutrality objectives as detailed in the appendix to these minutes.
  - an additional Supplementary Capital Estimate in relation to £1,523,750 from The Department for Business, Energy and Industrial Strategy (BEIS) for Green Homes Grant, Local Authority Delivery Scheme Phase 1B (GHG LAD P1B) as detailed in the appendix to these minutes.

**Cabinet– 2<sup>nd</sup> February 2021**

**Cllr Nick Mannion – PH for Environment and Regeneration**

**Additional recommendations from Cabinet to Full Council**

With regard to item 8 [on the Cabinet agenda], it has come to our attention that additional funding is likely to be made available to support the council.

The first relates to our carbon neutral objectives through the Public Sector Decarbonisation Scheme in 2021/22.

We have been notified of a grant award of £3.5m to enable the delivery of:

- Solar panels across selected 16 buildings to generate and supply renewable electricity for our leisure centres
- A renewable heat pump heating system at one of our offices
- An upgrade of lighting systems to LED across 14 of our most energy intensive buildings
- And a range of energy conservation measures like heating and lighting controls across various estate buildings

We anticipate these measure will reduce our carbon footprint by circa 350 tonnes of Co2 per annum – almost 5% of the energy efficiency needed by 2025.

To formally accept this funding I would like to propose an additional recommendation to item 8.

**Recommendation:**

**Recommend to Full Council the approval of an additional Supplementary Capital Estimate of up to £3,500,000 from the Public Sector Decarbonisation Fund to further our carbon neutrality objectives.**

In December 2020 Cheshire East submitted a consortia bids to The Department for Business, Energy and Industrial Strategy (BEIS) for Green Homes Grant, Local Authority Delivery Scheme Phase 1B to apply for a share of £124million funding to be used to improve the energy efficiency of low income houses in their area.

The bid for GHG LAD P1B was for £1,523,750, to be distributed as follows:

Partner	Tenure	Number of properties Improved	Grant Funding (£)
Cheshire East	Homeowners	30	£517,500
	Private Rented	30	
Guinness Partnership	Social Rented	79	£454,250
Peaks & Plains Housing Trust	Social Rented	51	£293,250
Cheshire West & Chester	Homeowners	20	£258,750
	Private Rented	5	

There is no requirement for match funding from Cheshire East Council. A condition of the grant is that social and private landlords must contribute a minimum of 33% of the cost of works to their properties. The Guinness Partnership and Peaks & Plains Housing Trust have confirmed that they will provide the match funding for works to their housing stock. Contributions will be secured from all participating private landlords as part of the administration of the scheme.

On 27<sup>th</sup> January 2021, Cheshire East was advised that the bid had been successful. There is a requirement for Cheshire East Council to enter into a Memorandum of Understanding with BEIS (BEIS MoU) and will be the accountable body. The partners will all be required to enter into a further Memorandum of Understanding that reflects the BEIS MoU to receive funds from Cheshire East Council. There is a requirement to accept and sign all documentation by 19<sup>th</sup> February 2021 or the offer will be withdrawn.

To formally accept this funding I would like to propose an additional recommendation to item 8.

**Recommendation:**

**Recommend to Full Council the approval of an additional Supplementary Capital Estimate in relation to £1,523,750 from The Department for Business, Energy and Industrial Strategy (BEIS) for Green Homes Grant, Local Authority Delivery Scheme Phase 1B (GHG LAD P1B).**



*Working for a brighter future together*

Key Decision Y
Date First Published: 12/10/20

## Cabinet

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**Date of Meeting:** 2 February 2021

**Report Title:** Third Quarter Review (FINANCE) 2020/21

**Portfolio Holder:** Cllr Amanda Stott - Finance, IT and Communication

**Senior Officer:** Alex Thompson – Director of Finance and Customer Services  
(Section 151 Officer)

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### 1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money services during the 2020/21 financial year. The report highlights financial activity and provides an overview of progress towards achieving outcomes for local people.
- 1.2. Local Authority budgets across the UK are being managed against the backdrop of the Covid-19 pandemic as well as inflation rises and increasing demand for services. The Council's budget has been affected in an unprecedented way due the response required to protect both the health and economic wellbeing of local people and businesses during the Covid-19 Pandemic. However, the statutory duties of the Council must still be delivered within the relevant parameters and the associated inspection frameworks.
- 1.4 The report sets out the financial performance of the Council with and without the impact of Covid-19. This is helpful due to the separate approaches to funding the impact of Covid-19 which was not factored in to the original 2020/21 Budget. Covid-19 financial updates have been presented at Cabinet meetings since June and mitigating activity was identified to minimise the financial impact on the Council's reserves.
- 1.3. The Council has continued to liaise with Central Government, about the financial impact of Covid-19 locally, either directly or alongside other

Council's and organisations such as the Local Government Association and County Councils Network. Grant funding has continued to be provided by government to mitigate the impacts on the Council in its activities to support individuals and businesses affected by the pandemic. As part of the management of the outturn for 2020/21, and the Medium Term Financial Strategy 2021 to 2025, the Council aims to defer costs related to the Capital Programme and income losses in the Collection Fund in order fully protect the Council's General Reserves in 2020/21. Any variation to this position will be managed through the Council's Covid-19 Earmarked Reserve, which was created in March 2020 to receive non-ringfenced grants related to the pandemic.

- 1.4. The third quarter position, excluding Covid-19, presents a balanced position (to within budget by 0.4%). Any variation to this position at year-end will be managed through the Council's Medium Term Financial Strategy Earmarked Reserve.
- 1.5. Forecast expenditure in the year on the capital programme is £136.4m, which is £9.7m lower than the revised budget. The in-year slippage is due to a combination of the pandemic and an ambitious programme set for the year.
- 1.6. The attached report, **Annex 1**, sets out details of how the Council is performing in 2020/21. It is structured into two sections:
  - Section 1 Financial Stability** - provides an update on the Council's overall financial position.
  - Section 2 Workforce Development** - provides a summary of the key issues relating to the Council's workforce development plan.
- 1.7. Appendices to the annex demonstrate how spending in 2020/21 has been funded, including the service budgets, grants, debt recovery and reserves. Updates are provided on the Capital Strategy, Treasury Management Strategy and Investment Strategy.

## 2. Recommendations

That Cabinet:

- 2.1. Notes the contents of the report, and annex, and the associated impact on reserves, and the Medium Term Financial Strategy, related to the outturn position and the deferral of certain Covid-19 related financial items.
- 2.2. Approves the management of any variation to the outturn as follows:
  - Surplus / Deficit in non-Covid-19 related expenditure / income is allocated to the Medium Term Financial Strategy Earmarked Reserve

- Surplus / Deficit in Covid-19 related expenditure / income is allocated to the Covid-19 Earmarked Reserve
- 2.3. Approves the supplementary revenue estimates of £620,000 relating to the Northern Powerhouse 11 grant and £921,000 Restrictions Support grant (**Appendix 2 Table 1**).
  - 2.4. Notes the supplementary estimates approved to date in relation to Covid-19 activity (**Appendix 2, Table 2**).
  - 2.5. Approves the supplementary capital estimates relating to schools condition capital grant £589,604, towns fund £750,000 and grant to support our carbon neutral ambition up to the value of £932,661 (**Appendix 4, Annex C**).
  - 2.6. Recommends to Council to approve:
    - fully funded supplementary revenue estimates above £1,000,000 relating to Covid-19 grants in accordance with Financial Procedure Rules as detailed in **Appendix 2 Table 1**.
    - supplementary capital estimate of £1,808,000 relating to Best4Business in accordance with Financial Procedure Rules as detailed in **Appendix 4, Annex D**.

### **3. Reasons for Recommendations**

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 3.2. The overall process for managing the Council's resources focuses on value for money and good governance and stewardship. Financial changes that become necessary during the year are properly authorised and this report sets out those areas where any further approvals are now required.
- 3.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.
- 3.4. The potential financial pressure from Covid-19 remains uncertain. The compensation scheme linked to income losses from Sales, Fees and Charges is being implemented, and the first instalment has been received, and application for the second instalment has been submitted. Negotiations between Local Government and Central Government continue

which means government funding may increase, reducing the local effect on the Council's Medium Term Financial Strategy. Contrary to this position the Council must balance the risk of further increases in expenditure or reductions in income based on further outbreaks of Covid-19 or from the Council's recovery processes.

3.5. To mitigate current shortfalls in the funding for Covid-19, and the overspending in specific areas of the 2020/21 budget, the Council identified several approaches within the regular reporting to Members during 2020/21. These mitigations are repeated **in bold** below, with an update on the latest activities to date:

- **Continue to manage and review the financial forecasts in response to emerging guidance and the local response to the emergency and how this affects the Council's revenue budget.** This action has seen ongoing tracking of spending and recording of decisions, which have been fundamental to achieving the forecasts within this report. This action, when linked with the actions below, will protect the General Reserves of the Council in 2020/21.
- **Complete returns to compensate losses from Sales, Fees and Charges scheme.** This action is assumed to provide £6.1m of additional funding and this is reflected in the outturn position related to Covid-19 in 2020/21.
- **Analyse the level of Collection Fund losses across the three financial years 2021/22 to 2023/24.** This action defers losses in Council Tax and Business Rates and is addressed within the Medium Term Financial Strategy, there is no impact in 2020/21. Cash shortfalls in 2020/21 due to the effects of Covid-19 are estimated at £11.1m. In line with government guidance and sound financial management the full impact of this is being deferred to the 2021 to 2025 Medium Term Financial Strategy. Elements of this shortfall will be either collected locally, grant funded or subject to write-off and subsequent funding as part of the overall balanced position for the MTFS.
- **Review the consequences of funding shortfalls on the Council's capital programme and how this impacts on the Council's long term funding of capital expenditure.** This action defers potential additional costs of £8.7m in the Capital Programme, linked to Covid-19 and is addressed within the Medium Term Financial Strategy. Costs will either be absorbed within existing risk profiles of the associated capital projects or funded via drawdown from the Covid-19 Earmarked Reserve meaning, there is no impact in 2020/21.
- **Review processes and practice that is causing overspending in Children's Services to improve efficiency without compromising**

**outcomes.** This action has led to revised proposals for increases in funding within the Medium Term Financial Strategy. However, there has been continued overspending in 2020/21 and this is reflected in the overall outturn forecasts for 2020/21.

- **Analyse the level of subsidy for Housing Benefit cases to ensure appropriate local discretion is being managed.** This action has led to revised proposals for increases in funding within the Medium Term Financial Strategy. However, there has been continued overspending in 2020/21 and this is reflected in the overall outturn forecasts for 2020/21.
  - Identify costs of transformation that may be funded from the flexible use of capital receipts. This action will see the application of capital receipts of £3m in 2020/21. Further use of capital receipts is identified within the Medium Term Financial Strategy in line with government guidance.
- 3.6. The effect of these actions on the 2020/21 Outturn is reflected in Appendix 1, which includes detailed tables and narrative to explain the financial performance in 2020/21.
- 3.7. Table 1 in Appendix 1, describes the financial performance in 2020/21 excluding the impact of Covid-19 and is summarised below: (table and numbers needs to be matched / referenced):

#### **Financial Performance Excluding Covid-19**

2020/21 Third Quarter Review (GROSS Revenue Budget £647.2m)	Revised Forecast Budget (NET)	Actual Outturn	Forecast Over / Underspend
	£m	£m	£m
Total Services Net Budget	290.4	291.4	1.0
Total Central Budgets	12.0	9.8	(2.2)
<b>TOTAL NET BUDGET</b>	<b>302.4</b>	<b>301.2</b>	<b>(1.2)</b>
Central Budgets Funding	(302.4)	(302.4)	-
<b>FUNDING POSITION</b>	<b>-</b>	<b>(1.2)</b>	<b>(1.2)</b>
Transfer to Medium Term Financial Strategy (MTFS) Reserve	-	1.2	

- 3.8. To support a more managed approach to the medium term finances of the Council the MTFS Earmarked Reserve will be used to smooth the effects of variations in spending / income in any specific year. This approach will prevent the need to respond by implementing variations in services levels to manage short term fluctuations in spending and income. This approach also supports the requirement for holding General Reserves associated

with risks and opportunities that may emerge and require an in-year response.

- 3.9. Table 2 in Appendix 1, describes the financial performance in 2020/21 in relation to the additional income / expenditure linked to Covid-19:

**Financial Performance related to COVID-19**

2020/21 Third Quarter Review  (GROSS Revenue Budget £647.2m)	Covid Financial Pressures		Forecast Over / (Underspend)
	Expenditure	Income	
	£m	£m	£m
<b>Total Services Net Budget</b>	<b>23.5</b>	<b>10.7</b>	<b>34.1</b>
<b>CENTRAL BUDGETS</b>			
Deferred capital expenditure	-8.7		-8.7
Transfer to COVID-19 Reserve	5.1		5.1
<b>Total Central Budgets</b>	<b>-3.5</b>	<b>0.0</b>	<b>-3.5</b>
<b>TOTAL NET BUDGET</b>	<b>19.9</b>	<b>10.7</b>	<b>30.6</b>
Covid Emergency Grant (unringfenced)	-25.0	0.0	-25.0
Emergency Grant provided to ESAR	0.5		0.5
Sales, Fees & Charges compensation		-6.1	-6.1
<b>CENTRAL BUDGETS FUNDING</b>	<b>-24.5</b>	<b>-6.1</b>	<b>-30.6</b>
<b>NET</b>	<b>-4.6</b>	<b>4.6</b>	<b>0.0</b>
Collection Fund			11.1

- 3.10. To support our more managed approach to the continuing risk of further response of recovery costs / income losses the Covid-19 Earmarked Reserve will be used to receive or allocate non-ringfenced funding associated with Covid-19.

- 3.11. The Council will continue to review performance against the CIPFA Financial Management Code, whilst also meeting the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

**4. Other Options Considered**

- 4.1. Not applicable.

## **5. Background**

- 5.1. Managing performance is essential to the achievement of outcomes. This is especially important in evidencing the achievement of value for money across an organisation the size of Cheshire East Council. The Council is the third largest in the Northwest of England, responsible for over 500 services, supporting over 380,000 local people. Gross annual spending is over £815m, with a revised net budget for 2020/21 of £302.4m.
- 5.2. The management structure of the Council is organised into three directorates, People, Place and Corporate. 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.
- 5.3. The Council set a balanced net revenue budget of £301.0m at its meeting in February 2020. Current forecasts against the revised budget of £302.4m, when excluding the financial impacts from Covid-19, shows a potential net expenditure of £301.2m. This position reflects the increase in demand led pressures in the People Directorate relating to Children in Care services (£2.5m) and costs relating to Education (£0.7m). There are further pressures in the Corporate Directorate resulting from Housing Benefit payments (£1.1m) and additional costs within ICT relating to implementing the Best4Business System (£1.1m). These pressures are offset by costs that are lower than budgeted, particularly in the Place Directorate, for example staff vacancies and lower energy usage in corporate buildings. Past service employer pension contributions are also lower than budgeted (£2.8m).
- 5.4. General Reserve balances are risk assessed and it is clear that a number of risks, particularly associated with demand led service provision and the pandemic, have materialised, but have been managed through the actions detailed in this report.
- 5.5. The Council complies with all of its legislative and regulatory requirements in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. The legal implications surrounding the process of setting the 2020 to 2024 Medium Term Financial Strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a

progress report at the third quarter stage of 2020/21. That is done as a matter of prudential good practice.

6.1.2. The only other implications arising directly from this report relate to the internal processes of approving any supplementary estimates and virements referred to in Section 2 which are governed by the Finance Procedure Rules.

6.1.3. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt within the individual reports to Members or Officer Decision Records that relate.

## **6.2. Finance Implications**

6.2.1. 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 the response and recovery to Covid-19 requires funding from the Council this could require the Council to deliver a greater level of future savings to replenish reserve balances.

6.2.2. 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.

6.2.3. Forecasts contained within the third quarter review provide important information in the process of developing the Medium Term Financial Strategy. Analysis of under or over spending during the year will identify whether such performance is likely to continue and this enables more robust estimates to be established.

6.2.4. Within this report the estimated costs associated with Children's Social Care and Housing Benefits raise concerns of future budget pressures which will need to be addressed.

6.2.5. Any overall shortfall in government funding for local activity linked to Covid-19 will add financial pressure to the Council's Medium Term Financial Strategy. In addition, the Medium Term Financial Strategy will need to take account of any longer impacts relating to income, for example, longer term impact on the Council's income and/or demand on its services.

### **6.3. Policy Implications**

- 6.3.1. This report is a backward look at Council activities at third quarter and predicts the year-end position.
- 6.3.2. The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2021 to 2025 Medium Term Financial Strategy.

### **6.4. Equality Implications**

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

### **6.5. Human Resources Implications**

- 6.5.1. This report is a backward look at Council activities at third quarter and states the forecast 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.

### **6.6. Risk Management Implications**

- 6.6.1. Performance and risk management are part of the management processes of the Authority. Risks are captured at Strategic and Operational levels, both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders.
- 6.6.2. Risks identified in this report are used to inform the overall financial control risk contained in the Strategic Risk Register; CR3 Financial Resilience. Updates on the scoring and management of strategic risks are provided to the Council's Audit and Governance Committee, and the ongoing challenges to the Council's funding and financial position has been recognised in the Annual Governance Statement.
- 6.6.3. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2020/21 budget and the level of general reserves were factored into the 2020/21 financial scenario, budget and reserves strategy.

### **6.7. Rural Communities Implications**

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

## **6.8. Implications for Children & Young People/Cared for Children**

6.8.1. The report provides details of service provision across the borough, acknowledges the Ofsted report and notes the overspend within Children in Care services.

## **6.9. Public Health Implications**

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

## **6.10. Climate Change Implications**

6.10.1. Any climate change 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.

## **7. Ward Members Affected**

7.1. All

## **8. Consultation & Engagement**

8.1. As part of the budget setting process the Pre-Budget Report 2020/21 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.

## **9. Access to Information**

9.1. The following are links to key background documents:  
[Medium Term Financial Strategy 2020/24](#)  
[Mid Year Review \(Finance\) 2020/21](#)

## **10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officer:

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Job Title: Director of Finance and Customer Services (Section 151 Officer)

Email: [alex.thompson@cheshireeast.gov.uk](mailto:alex.thompson@cheshireeast.gov.uk)



# Third Quarter Review (FINANCE) 2020/21

February 2021

This report receives scrutiny and approval from Members of Cheshire East Council. As a public report, the Council welcomes feedback to the information contained here.

**Anyone wanting to comment is invited to contact the Council at:**

**[shapingourservices@cheshireeast.gov.uk](mailto:shapingourservices@cheshireeast.gov.uk)**

# Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 380,000 local people with annual spending of over £815m.

Local government is going through a period of financial challenges, with a combination of the impact of the Coronavirus pandemic, increasing demand for services, rising costs and reduced Government grant. The Council's response is to focus on emerging needs of residents and businesses, increasing efficiency and productivity that enables us to deliver sustainable, quality services.

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics. Excluding the impact of Covid-19 this demand is resulting in revenue pressures of £5.4m. These are offset by underspends across council services resulting in a forecast outturn of £301.2m against a net revenue budget of £302.4m.

The Council's budget is under unprecedented pressure due to the Coronavirus and the response required to protect both the health and economic wellbeing of local people and businesses during the Covid-19 Pandemic. To date the Council has received funding related to an array of activities in response to the crisis. The current forecast shows that, by deferring some impacts to later years, the Council will aim not to draw on reserves to fund Covid-19 costs in 2020/21. Due to the unpredictable nature of the pandemic this could change. The Council will continue to manage and review the financial forecasts in response to the emergency and how this affects the Council's revenue budget position and protect General Reserves.

When the 2020/21 budget was set, in February 2020, it was highlighted that the use of reserves was not sustainable in the

medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. This issue, and how Covid-19 affects this is considered as part of the ongoing planning for the Medium Term Financial Strategy.

To support openness and transparency, and provide evidence of strong governance, the report has two main sections, to provide background and context, and then seven supporting appendices with detailed information about allocation and management of public money during 2020/21:

**Section 1** provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2020/21 is being funded, including the positions on overall service budgets, grants, council tax and business rates and centrally held budgets. Further details are contained in the appendices.

**Section 2** provides a summary of the issues relating to the Council's Workforce Development Plan.

- **Appendix 1** shows budget changes since the Mid Year Review.
- **Appendix 2** shows the latest position for Corporate Grants.
- **Appendix 3** analyses the position on Outstanding Debt.
- **Appendix 4** shows updates to the Capital Strategy.
- **Appendix 5** shows updates to the Treasury Management Strategy.
- **Appendix 6** shows updates to the Investment Strategy.
- **Appendix 7** lists details of Earmarked Reserves.

*Alex Thompson*

Director of Finance and Customer Services  
(Section 151 Officer)

# Contents

Introduction	1
2020/21 Revenue Forecast – Third Quarter Review Summary	3
Section 1 – Financial Stability	5
Section 2 – Workforce Development	14
Appendices	
Appendix 1 – Changes to Revenue Budget 2020/21 since Mid Year Review	20
Appendix 2 – Corporate Grants Register	22
Appendix 3 – Debt Management	43
Appendix 4 – Capital Strategy	44
Appendix 5 – Treasury Management Strategy	63
Appendix 6 – Investment Strategy	78
Appendix 7 – Reserves Strategy	86

## 2020/21 Outturn Forecast at Third Quarter Review - Financial Position (EXCLUDING THE IMPACT OF COVID-19)

2020/21 Third Quarter Review (GROSS Revenue Budget £647.2m)	Revised Budget (NET)  £m	Forecast Actual Outturn  £m	Forecast Over / (Underspend)  £m	For further information please see the following sections
<b>SERVICE DIRECTORATES</b>				
People	181.3	183.6	2.3	<b>Note this table excludes the impact of Covid-19.</b> Section 1 - Paragraphs 5-26 Section 1 - Paragraphs 27-37 Section 1 - Paragraphs 38-48
Place	74.8	72.6	(2.2)	
Corporate	34.3	35.2	0.9	
<b>Total Services Net Budget</b>	<b>290.4</b>	<b>291.4</b>	<b>1.0</b>	
<b>CENTRAL BUDGETS</b>				
Capital Financing	12.0	12.0	-	Appendix 4 Appendix 7 Section 1 - Paragraph 49
Transfer to/(from) Earmarked Reserves	(0.7)	(0.7)	-	
Corporate Contributions / Central Budgets	0.7	(1.5)	(2.2)	
<b>Total Central Budgets</b>	<b>12.0</b>	<b>9.8</b>	<b>(2.2)</b>	
<b>TOTAL NET BUDGET</b>	<b>302.4</b>	<b>301.2</b>	<b>(1.2)</b>	
Business Rates Retention Scheme	(49.8)	(49.8)	-	Section 1 - Paragraphs 65-69 Appendix 2 Section 1 - Paragraphs 54-64
Specific Grants	(23.0)	(23.0)	-	
Council Tax	(229.5)	(229.5)	-	
Sourced from Collection Fund	(0.1)	(0.1)	-	
<b>Central Budgets Funding</b>	<b>(302.4)</b>	<b>(302.4)</b>	<b>-</b>	
<b>FUNDING POSITION</b>	<b>-</b>	<b>(1.2)</b>	<b>(1.2)</b>	
	<b>Planned Contribution 2020/21 £m</b>	<b>Forecast Variance Outturn £m</b>	<b>Impact on Reserves Outturn £m</b>	
Transfer to MTFS Reserve	-	1.2	1.2	Note the impact on reserves excludes the impact of Covid-19.
<b>General Reserves Balance</b>	<b>Actual £m</b>		<b>Forecast £m</b>	
Opening Balance April 2020	10.3		10.3	Section 1 - Paragraphs 51-52
2020/21 Impact on Reserves (see above)			-	

## Impact of Covid-19 Outturn Forecast:– 1 March 2020 – 31<sup>st</sup> March 2021

2020/21 Third Quarter Review  (GROSS Revenue Budget £647.2m)	Covid Financial Pressures		Forecast Over / (Underspend)	Notes										
	Expenditure	Income												
	£m	£m	£m											
<b>SERVICE DIRECTORATES</b>														
People	7.5	2.2	9.7	Includes capital expenditure of £2m										
Place	10.1	6.7	16.8	Includes capital expenditure of £4.005m										
Corporate	4.8	1.7	6.6	includes capital expenditure of £2.673m										
2019/20 Covid Expenditure	1.1		1.1	prior year expenditure										
<b>Total Services Net Budget</b>	<b>23.5</b>	<b>10.7</b>	<b>34.1</b>											
<b>CENTRAL BUDGETS</b>														
Deferred capital expenditure	-8.7		-8.7	Capital expenditure of £8.678m included in Directorate expenditure above will be capitalised and funded in future years.										
Transfer to COVID-19 Reserve	5.1		5.1											
<b>Total Central Budgets</b>	<b>-3.5</b>	<b>0.0</b>	<b>-3.5</b>											
<b>TOTAL NET BUDGET</b>	<b>19.9</b>	<b>10.7</b>	<b>30.6</b>											
Covid Emergency Grant (unringfenced)	-25.0	0.0	-25.0	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Received 19th March 2020</td> <td style="text-align: right;">9.2</td> </tr> <tr> <td>Received 18th April 2020</td> <td style="text-align: right;">10.5</td> </tr> <tr> <td>Received 2nd July 2020</td> <td style="text-align: right;">2.7</td> </tr> <tr> <td>Received 22nd October 2020</td> <td style="text-align: right;">2.6</td> </tr> <tr> <td><b>Total Unringfenced Grant</b></td> <td style="text-align: right;"><b>25.0</b></td> </tr> </table>	Received 19th March 2020	9.2	Received 18th April 2020	10.5	Received 2nd July 2020	2.7	Received 22nd October 2020	2.6	<b>Total Unringfenced Grant</b>	<b>25.0</b>
Received 19th March 2020	9.2													
Received 18th April 2020	10.5													
Received 2nd July 2020	2.7													
Received 22nd October 2020	2.6													
<b>Total Unringfenced Grant</b>	<b>25.0</b>													
Emergency Grant provided to ESAR	0.5		0.5											
Sales, Fees & Charges compensation		-6.1	-6.1											
<b>CENTRAL BUDGETS FUNDING</b>	<b>-24.5</b>	<b>-6.1</b>	<b>-30.6</b>											
<b>NET</b>	<b>-4.6</b>	<b>4.6</b>	<b>0.0</b>											
Collection Fund			11.1	The impact on the Collection fund does not affect this financial year therefore it is not reported as part of 2020/21 outturn.										

# 1. Financial Stability

## Introduction

1. The Council has a strong track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of the Coronavirus pandemic, increased costs, growing demand and reducing Government grant. The Council has received funding in response to the pandemic, and, by also deferring £8.7m of capitalised costs and £11.1m of Collection Fund losses, is not forecasting a requirement to use reserves to cover Covid-19 related costs in 2020/21.
2. Demand and increasing complexity in cases for Children's and Adults' Social Care remains the most significant financial pressure for the Council in the medium term, particularly in Children's services where overspending is occurring compared to budget.
3. **Table 1** provides a service summary of financial performance at third quarter. The current forecast is that services will be £1m over budget in the current year on normal activities. The Financial Narratives provide further details and changes to service net budgets since mid year review are analysed in **Appendix 1**.
4. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on Central Contingencies and Contributions.

**Table 1 - Service Revenue Outturn Forecasts**

2020/21 Third Quarter Review (GROSS Revenue Budget £647.2m)	Revised Budget (NET) £m	Actual Forecast Outturn £m	Over / (Underspend) £m
<b>SERVICE DIRECTORATES</b>			
Directorate	0.8	0.7	(0.1)
Children's Social Care	40.2	42.7	2.5
Education & 14-19 Skills	15.1	15.8	0.7
Prevention & Early Help	8.4	7.8	(0.6)
Adult Social Care - Operations	28.0	27.8	(0.2)
Commissioning	88.8	88.8	-
Public Health	-	-	-
<b>People</b>	<b>181.3</b>	<b>183.6</b>	<b>2.3</b>
Directorate	1.0	0.9	(0.1)
Environment & Neighbourhood Services	41.3	41.5	0.2
Growth & Enterprise	20.6	19.1	(1.5)
Highways & Infrastructure	11.9	11.1	(0.8)
<b>Place</b>	<b>74.8</b>	<b>72.6</b>	<b>(2.2)</b>
Directorate	0.8	0.7	(0.1)
Finance & Customer Services	8.7	9.7	1.0
Governance & Compliance Services	10.0	9.3	(0.7)
Transformation	14.8	15.5	0.7
<b>Corporate</b>	<b>34.3</b>	<b>35.2</b>	<b>0.9</b>
<b>Total Services Net Budget</b>	<b>290.4</b>	<b>291.4</b>	<b>1.0</b>

Note this table excludes the impact of Covid-19

## Financial Narratives

### People Directorate

5. The base budget for the Children and Families Directorate for 2020/21 at third quarter is £64.5m.
6. There are a number of key pressures within the Directorate resulting in a forecast overspend against the base budget. Additional revenue costs arising from Covid-19 represent a significant factor and these are forecast at £2.3m. The position excluding Covid-19 costs is a £2.5m overspend.
7. The Covid-19 costs facing the Directorate include £0.9m in Children's Social Care from additional placements and higher costs being incurred as a result of delayed court proceedings plus £0.7m from the loss of income from parents for school meals during the lock down period covering the summer term 2020 when schools were only open for the children of key workers. These are net of any cost reductions that the services could achieve.
8. Particular issues are set out in the paragraphs below.

### Children's Social Care

9. The overspend excluding Covid-19 costs is forecast at £2.5m.
10. This is mainly as a result of:
  - The increasing numbers of children in care (from 533 at the end of March 2020 to 542 at the end of October 2020). However, the position is beginning to stabilise. This is due to fewer admissions into care (a key objective in the Council's Creating Sustainable Futures Strategy) but this has been restricted somewhat by delays in progressing care plans through the Courts for areas such as care proceedings and adoption cases.

- The new residential services contract is expected to be optimised in-year. The use of the contract means additional costs of £1.7m which should be offset by cost avoidance from children moving from more costly spot purchase placements, currently commissioned from the North West Framework, into those settings.

There will be delays in making the expected savings and some associated costs where there have been challenges in mobilising the contract to full capacity. This additional overall cost is forecast at £0.5m.

- The Council has taken a robust approach to commissioning the new contract and agreed a 25% reduction in charges while the contract is rolled out.

11. The service is taking forward a number of demand management projects to reduce the pressure on the agency placements budget. These include:

- Regular reviews of placements to ensure needs are met at the appropriate cost and improved gatekeeping.
- Greater analysis of the budget basis, the increase in costs over time and unit costs.
- Working as part of a regional adoption collaboration to increase adopters.
- Further projects in 2020/21 to move to a "bespoke" service offer and undertake further challenge of costs.

12. The forecast assumes no further growth in placement numbers at this stage.

### Prevention and Early Help

13. The department is forecasting an underspend of £0.6m due to holding vacancies. That is excluding Covid-19 costs of £0.16m for an additional manager, loss of income from rental

income and training and the need to provide food vouchers for families entitled to free school meals over the October 2020 half term.

### **Education and Skills**

14. The Department is currently reflecting an overspend of £0.7m excluding Covid-19 costs. The key issues are:

- Special Educational Needs ~ £0.1m staffing expenditure (including permanent and agency staff).

The demands on the service from higher numbers of Education, Health and Care Plans (EHCPs) continues and there are statutory deadlines to meet.

The service is undertaking a number of projects to improve systems for different areas of SEND spend and this is requiring additional support. The service is also looking at different arrangements for procuring additional education psychologists time over a number of years.

- Transport ~ third quarter reflects a £0.7m pressure from transport. A detailed breakdown of the contracts and other issues causing the pressure is under review. TSS have implemented a new route planning system which could support delivery of future efficiencies.
- Education and Skills ~ the two services supporting schools are reflecting a £0.4m underspend through vacancies.
- Catering ~ there has been a significant loss of income due to Covid-19 of £0.7m. This has been offset by reductions in spend and other contributions to reflect a £0.3m pressure excluding the Covid-19 pressure. The forecasts assume that income from parents returns to normal from September 2020. That assumption will need to be revisited in light of the announcements on 4 January 2021.

### **Dedicated Schools Grant (DSG)**

15. This is ring-fenced funding received for:

- schools
- high needs / special educational needs
- early years provision
- a number of central services including statutory costs and certain support costs.

16. The key pressure on DSG relates to the high needs block. For 2020/21 the amount of high needs DSG funding expected is £40m representing an increase of £3.1m (8.5%) on 2019/20.

17. However, the overspend from high needs of £4.2m has taken the Council's DSG reserve into a credit position of £2.6m at the 1 April. Therefore, the first call on that additional funding is to top up the reserve to nil.

18. The forecast for 2020/21 from high needs placements is a £7.6m overspend. This reflects the significant increase in EHCPs of 10% in 2019/20 and 30% for 2020/21.

19. The Council continues to create additional local capacity, but demand exceeds the current rate of local expansion. A robust process of significant challenge where increased costs are requested from providers is now in place. The service has made progress on reducing further pressure but overall this remains a challenge.

20. A significant number of measures to address this are being taken forward including:

- Restructuring the SEND team and increasing capacity.
- Using new systems to improve monitoring and forecasting.

- Developing an access to SEND services Framework to better understand the future demand and intervene early.
- Expanding local SEND provision and opening new facilities to reduce the need for expensive independent placements.
- Piloting a new banding system for funding pupils with SEND to give schools greater flexibility on how the funding is used.
- Challenging price increases from providers.

21. The DfE have produced a tool to support Local Authorities to manage their high needs deficit known as a Management Plan template. We are using this to support the management of the deficit.

#### **Adult Social Care, Public Health and Communities**

22. The Adult Social Care (Operations and Commissioning) and Public Health budget remain under continued pressure across the country. The pressure here in Cheshire East comes from a combination of factors, which have been building over a number of years, and relate to meeting the needs of our most vulnerable residents and this has been recognised in the 2020/21 budget where growth has been allocated.

23. Adult Social Care Commissioning have responded to this challenge by re-commissioning and developing new models of care to ensure there is a better offer to service users and more sustainability for care providers. In addition to this the Adult Social Care Commissioners have also introduced an Early Help Framework to support better outcomes in the Voluntary, Community and Faith sectors.

24. Covid-19 is creating huge pressures and risks across the wide spectrum of services provided. This includes within the social care market and for our partners such as the NHS, as

well as the Voluntary, Community and Faith sectors. Adult Social Care Operations & Commissioners are working collaboratively with providers and our partners to ensure that people's needs continue to be met and that they are protected throughout this challenging time.

25. The service is reporting a forecast underspend of £0.2m at the Third Quarter Review point, excluding direct pressure from Covid-19 costs.

26. The forecast overspend for the People Directorate is therefore £2.3m at year end as identified in **Table 1** above.

#### **Place Directorate**

27. The underlying position for Place excluding Covid-19 pressures is a forecast £2.2m lower than budget.

#### **Place Directorate £0.1m underspend**

28. Savings arise from holding staff vacancies. Contributions to the Constellation Partnership are not expected to be made in 2020/21.

#### **Environment & Neighbourhood Services**

29. There is a pressure of £6.1m for Covid-19 costs, excluding these the service would overspend by £0.2m.

30. £2.7m of the Covid-19 pressure is from Ansa for additional staff, cleaning and PPE costs plus costs of household waste recycling centres and tonnage growth. Additional costs have arisen to support leisure centres (£1.4m) and for a body storage facility (£0.1m). The pandemic has also led to a loss of income across the Planning service including Building Control and Land Charges. Licensing income has also been reduced as has income within the Libraries service.

31. Excluding pressures related to Covid-19, there are also pressures for reduced recycling income, the revenue costs of rolling out food waste recycling and the refurbishment of Congleton Leisure Centre. These have been mitigated by staffing vacancies across most services and by reducing the expenditure on books within libraries.

### **Growth & Enterprise**

32. Covid-19 costs and loss of income total £1.7m within Growth & Enterprise. The underlying position excluding these is an underspend of £1.5m.
33. There is a forecast £0.8m loss of income at Tatton Park due to the pandemic. Other Covid-19 income losses are forecast across Assets, Public Rights of Way, Countryside and Visitor Economy. Some costs have fallen at Tatton because of complete or partial closures and these help to mitigate some of the income pressures. Services facing an increase in costs due to Covid-19 include Housing for increased support to the homeless, and Facilities Management.
34. Covid-19 pressures have been partly mitigated by staffing savings across several services including Housing, Economic Development and Facilities Management. Significant savings are forecast within Facilities Management due to lower costs of energy and water from the closure or reduced use of buildings and reduced costs of reactive maintenance.

### **Highways & Infrastructure**

35. Covid-19 costs total £5m within Highways & Infrastructure. The underlying position excluding these is an underspend of £0.8m.
36. £3.8m of the £5.1m Covid-19 pressure is a forecast loss of income within Parking. This has increased from mid-year due to anticipated lower income during the second lockdown.

Other Covid-19 pressures are a reduction in income from developers and additional costs of social distancing and support to other services within Highways.

37. Underspends arise from vacancies within Highways and Civil Enforcement Officers within the Parking service. Highways income levels are also better than budget. TSS are reporting underspends on the Place side due to savings on public bus contracts due to the Better Deal for Buses Grant, concessionary fares and reduced costs of the Flexilink service.

### **Corporate Directorate**

38. The £34.2m budget for Corporate Services, which includes the Housing Benefits (HB) Payments Centre is currently forecast to outturn at a £0.9m overspend (£1.1m at mid year review), this excludes £3.9m of revenue pressures as a result of the Covid-19 pandemic (£3.6m at mid year review).
39. Pressures elsewhere in the service continue to offset an underspend across the controllable service budgets achieved through an in-year budget remediation plan, which has been put in place to address legacy gaps in the base budget for Corporate Services. The controllable budgets are forecast to underspend by £2.5m (£2.0m at mid year review) however, this is being offset by the HB Payments Centre under-recovery (£1.2m), and additional one-off costs relating to implementing the Best4Business System totalling £2.3m (£2.1m at mid year review) split across various Corporate support services of £1.9m and the Transactional Service Centre (TSC) hosted by Cheshire West and Chester (CWACh) of £0.4m.
40. Best4Business pressures reported are mainly one-off additional costs that cannot be charged to the capital project or unachievable in-year savings that rely on the system going

live to achieve. These will be mitigated from the revenue budget wherever possible. The £2.3m pressure consists of £0.9m in Finance & Customer Services as a result of additional staffing costs and equalisation payments (£0.7m) and unachievable savings linked to the new system (£0.2m); £1.4m in Transformation relating to additional licences costs, additional software costs in ICT Strategy (£0.2m), irrecoverable income for ICT shared service staff time spent on B4B programme (£0.3m); unachievable savings within Human Resources (HR) linked to the new system (£0.5m); and additional staff costs in TSC shared service hosted by CWaC (£0.4m). The Shared Services Joint Committee is continuing to look into the detail of the additional costs.

#### **Directorate**

41. The Corporate Services Directorate area includes the cost of the Chief Executive and associated budgets, and the Executive Director of Corporate Services. The Directorate is forecast to underspend by £0.1m due to budget remediation actions to limit non-essential spend.

#### **Finance & Customer Services**

42. Finance and Customer Services, excluding Covid-19 related pressures, is forecast to overspend by £1.0m. Covid-19 related pressures in the service amount to £2m arising mainly from a £0.7m shortfall in Government funding for the administration of the Covid-19 hardship fund; an estimated £0.4m loss of overpayment recoveries on the HB Payments Centre; lost court costs income in Revenues (£0.5m); additional staffing costs through overtime and use of agency staff in Revenues (£0.2m) and Benefits (£0.1m); and additional staffing and B4B training costs in Finance (£0.1m).
43. The £1.0m non Covid-19 related service overspend masks £1.1m underspending achieved by implementing the budget remediation plan, Finance and Procurement is forecast to

underspend by £0.4m, and Customer Services by £0.7m. This has been achieved through delaying restructures, delaying filling vacancies, reduced travel claims, and savings on certain non-staff costs. These savings are being offset by a £1.2m under recovery on the HB Payments Centre due to a reduction in HB subsidy received, from the budgeted 99% (£65.9m) to a forecast 97.1% (£64.7m). This believed to be as a result of an increase in supported accommodation costs, which is being investigated as a matter of urgency. In addition, there are £0.9m additional costs and unachievable in-year savings linked to implementing the Best4Business System.

#### **Transformation**

44. Transformation, excluding Covid-19 related pressures, is forecast to overspend by £0.7m. Covid-19 related pressures total £1.0m of additional revenue expenditure.
45. The £0.7m non Covid-19 related service overspend masks £0.7m underspending on controllable budgets achieved by implementing the budget remediation plan, including the Human Resources (HR) budget being forecast to underspend by £0.9m due to underspending on Workforce Development (WFD) and Organisational Development due to the impact of the pandemic is having on delivering training, as well as staff vacancies; and a £0.2m underspend in ICT Strategy – however, this is offset by a £0.4m overspend in ICT Service Delivery.
46. The underspend across controllable budgets in Transformation is mainly offset by overspending attributable to additional costs of £1.4m relating to implementing the Best4Business System split across ICT of £0.5m; TSC hosted by CWaC £0.4m; and £0.5m additional costs and unachievable in-year savings within HR. ICT Service Delivery shared service is included in the above figures, an overall

pressure of £1.6m is being reported of which the CEC share is £0.8m relating to a reduction in commissioned project income due to unrecoverable time spent on implementing the Best4Business System and Covid-19 work, and additional software costs.

### **Governance & Compliance**

47. Governance & Compliance, excluding Covid-19 related pressures, is forecast to underspend by £0.7m. The service is forecasting Covid-19 related pressures of £0.8m mainly in the Registrations Service due to lost marriage ceremonies income, and the Coroners service.
48. The non Covid-19 related service expenditure is forecast to underspend by £0.7m with both Legal Services and Governance & Democratic services forecasting an underspend of £0.3m along with a £0.1m underspend within Audit and Risk. This has been achieved by managing staff vacancies and other targeted measures to cut spend against non-staffing budgets in Governance & Democratic and Audit & Risk, and changes to the budget combined with reducing the use of locums within Legal Services has resulted in the temporary staffing budget not being required.

### **Central Contingencies and Contributions**

49. It is currently forecast that there will be a £2.2m underspend variance to budget on the central budget. This is mainly due to lower past service employer pension contributions following a valuation after the budget was set. Budgeted transfers of £0.7m from earmarked reserves are expected to take place in-year as planned. Grants relating to business rates have been received centrally in-year that are additional to budget which will be transferred to reserves for future use.

50. Details of grants received and reserves can be found at **Appendix 2** and **Appendix 7** respectively.

### **Outturn Impact**

51. The impact of the projected service outturn position is to maintain balances as reported above (**paragraph 3**). With the central budget items detailed above (**paragraph 49**), the financial impact could result in an increase in balances of £1.2m. Any surplus in non-Covid-19 related expenditure / income will be allocated to the Medium Term Financial Strategy Earmarked Reserve which is used to smooth the effects of variations in spending / income in any specific year.
52. The Council will continue to manage and review the financial forecasts in response to emerging guidance and the local response to the emergency and how this affects the Council's revenue budget.

### **Collecting Local Taxes for Local Expenditure**

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

### **Council Tax**

54. Council tax is set locally and retained for spending locally. Council tax was set for 2020/21 at £1,503.98 for a Band D property. This is applied to the taxbase.
55. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect council tax from (after adjustments for relevant discounts, exemptions and an element of non-collection). The taxbase for 2020/21 was agreed at 152,597.84 which, when multiplied by the Band D charge, means that the expected income for the year is £229.5m.

56. In addition to this, Cheshire East Council collects council tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 3** shows these amounts separately, giving a total budgeted collectable amount of £282.5m.
57. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the actual amount billed will therefore be more than the budget.
58. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £281.1m.

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

	£m
Cheshire East Council	229.5
Cheshire Police and Crime Commissioner	32.1
Cheshire Fire Authority	12.1
Town and Parish Councils	8.8
<b>Total</b>	<b>282.5</b>

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

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

Financial Year	CEC Cumulative			
	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
After 1 year	98.3	98.2	98.2	97.9
After 2 years	99.1	99.1	99.0	**
After 3 years	99.3	99.4	**	**

\*\*data not yet available

60. The council tax in-year collection rate for the period up to November 2020 is 73.9%. This is a decrease of 1.5% on the previous year and is caused by the effect of Covid-19 on taxpayer's ability to pay. In addition, normal processes to recover unpaid council tax were postponed during the pandemic. As the situation has changed those processes have recommenced in order to encourage payment where there is ability to pay.
61. Council tax support payments were budgeted at £16.9m for 2020/21 and at the end of the November the total council tax support awarded was £19.4m (including £2.1m hardship payments).
62. Following consultation changes were made to the Council Tax Support scheme for 2020/21. The scheme was confirmed by full Council in December 2019.

- 63. Council tax discounts awarded are £25.4m which is a slight increase on the same period in 2019/20. This is mainly due to an increase in single person discounts following the postponement of the discount review during Covid-19.
- 64. Council tax exemptions awarded is £6.3m which is an increase on the same period in 2019/20. This has been impacted by the postponement of exemption reviews during Covid-19.

**Non-Domestic Rates (NDR)**

- 65. NDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief.
- 66. The small business multiplier applied to businesses which qualify for the small business relief was set 49.9p in 2020/21. The non-domestic multiplier was set at 51.2p in the pound for 2020/21.
- 67. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester from 2016/17) for the purposes of Business Rates Retention. The purpose of the pool is to maximise the retention of locally generated business rates to further support the economic regeneration of Greater Manchester and Cheshire Councils. As a pool the members will be entitled to retain the levy charge on growth that would normally be paid over to Central Government.

Cheshire East will retain 50% of this levy charge locally before paying the remainder over to the pool.

- 68. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

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

Financial Year	CEC Cumulative			
	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
After 1 year	97.7	98.3	98.5	98.2
After 2 years	99.2	99.4	99.4	**
After 3 years	99.8	99.7	**	**

\*\*data not yet available

- 69. The business rates in-year collection rate for the period up to November 2020 is 68.9%. This is a reduction of 4.4% compared to the same period in 2019/20 and is caused by the effect of Covid-19 on ratepayer’s ability to pay. In addition, normal processes to recover unpaid business rates have been postponed during the pandemic. As the situation changes those processes will be recommenced in order to encourage payment where there is ability to pay.

## 2. Workforce Development

70. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety and Workforce Development plans and changes for 2020/21.

### Culture and Values

71. Following the Local Government Association's independent culture review in 2017 and acceptance of the report recommendations, overall delivery of the planned phases of the Brighter Future Together (Culture) Programme has been completed. The recommendations have been addressed through the programme and all are complete.

72. 'My Conversation' toolkits have been launched to guide staff in conversations in one to one meetings, team meetings and for the performance development meetings. The toolkits are aligned with the Vision for the Council's workplace culture and behaviours, and employee deal. This allows all staff to embed the behaviours in their day to day work alongside other developments such as utilising the behaviours within a recruitment toolkit, leadership and management skills programme, coaching programme and recognition events.

73. The Conversation Toolkit has been further developed to include a Workplace Wellbeing Toolkit. This supports discussions between line managers and their staff focussing on working from home and checking in on welfare and wellbeing. Further conversations will be developed to reflect future ways of working.

74. A pulse survey Flexible, Future Workplace was opened to staff during July with a very good response rate of 55%. The initial results are very positive in relation to having the technology to continue working from home, positive support from line managers and communication from the organisation. As expected, some concerns were reported around returning to the workplace whilst the Covid-19 pandemic continues. These matters have been addressed through the Workplace Recovery Workstream.

75. Work has continued to promote the 'Made my Day' scheme that enables staff to be recognised at every level across the Council. Made my Day has continued to be well used to thank colleagues. 931 nominations were made between July and November 2020. As the usual Making a Difference presentation cannot be held all the nominees received from June to the end of September have been sent their recognition certificate and a letter direct to their home during October.

76. Since April there has been a concentrated effort to provide wellbeing, resilience and mental health support on a regular basis through the Covid-19 brief. A weekly call, Time to Listen and Chat, was introduced in April to support staff during these very difficult times and continues to run with a relevant themes relating to wellbeing. Similar themed calls have latterly been introduced to support Managers to assist them with managing their teams virtually.

77. The month of October was dedicated to the virtual Winter Wellbeing programme of activities. There was a different

activity for staff to take part in every day during the month. The activities ranged from Dancercise to meet the mental health first aiders to film and book clubs. Some of the activities are continuing on a regular basis. All the sessions were delivered by members of staff.

78. Following the recent notification to people identified as clinically extremely vulnerable (CEV) a support group has now also been set up to support employees who find themselves in this group or are support a family member.

### **Building Capability and Capacity**

79. The Corporate Training Programme and Continuous Professional Development Portfolios seek to ensure that the Council creates a workforce which is safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses.
80. The Covid-19 pandemic has prevented the continuation of face to face training throughout 2020/21, but so far in 2020/21, 28 bespoke virtual courses have been offered to CEC employees with 66 individual sessions taking place. 16 employees successfully secured funding approval via the Continuous Professional Development Panel for role specific development and qualifications, seeing over £13,505 of investment. A suite of workplace and well-being e-learning packages is now in place to support staff with new ways of working.
81. Developing management capability at all levels has continued with 32 managers being on track to complete the Institute of Learning and Management (ILM) Level 3 and Level 5 Diploma qualifications. 39 Managers have completed their ILM

qualifications and a further four managers are due to start in August 2020.

### **Resourcing and Talent**

82. The Council continues to support work placements at all levels with 17 social work students undertaking placements within Children's or Adult's social work teams and four due to start in January 2021.
83. The apprenticeship scheme continues to grow with 112 apprentices undertaking work-based learning across the Council. Of this figure, 88 are existing members of staff taking up the opportunity to develop their skills through the apprenticeship scheme.
84. Eight members of staff from the People Directorate are starting a Social Work degree apprenticeship in January 2021, developing talent from within.

### **Education HR Consultancy**

85. In response to the Covid-19 pandemic, the training sessions for Safer Recruitment in Schools and Performance Management for governors have been successfully delivered virtually.
86. Support for schools continues to address the changing implications of national Covid-19 guidance as schools have opened and operated during Autumn 2020.

### **Health and Safety**

87. The Council's Health and Safety team have continued to provide advice and guidance, ensuring that colleagues across

the Council, ASDVs and Schools are supported to work safely.

time equivalent (FTE) employees have increased during the second quarter of 2020/21.

### **Staffing Changes**

88. As shown in the table below, Cheshire East Council's overall headcount has decreased slightly. However the number of full

**Table 6: Cheshire East Council Employee Headcount and FTE Figures**

Executive Directorate & Service	Employee Headcount June 2020	Employee Headcount September 2020	Employee FTE June 2020	Employee FTE September 2020
<b>People</b>	<b>2152</b>	<b>2151</b>	<b>1613.6</b>	<b>1627.3</b>
Adult Social Care & Health	901	901	716.3	718.9
Children's Services	1103	1099	763.2	769.8
Commissioning	141	138	128.2	125.7
<b>Corporate</b>	<b>681</b>	<b>678</b>	<b>624.6</b>	<b>621.0</b>
Audit & Risk	16	17	14.0	14.8
Legal Services	47	47	42.7	42.4
Democratic Services	94	91	74.1	72.6
HR	38	37	33.7	32.5
ICT	179	179	173.2	172.9
Business Change	57	55	55.9	53.9
Customer Services	172	172	154.2	154.2
Financial Support & Procurement	74	74	72.8	72.7
<b>Place</b>	<b>766</b>	<b>762</b>	<b>583.0</b>	<b>580.2</b>
Growth & Enterprise	359	362	251.8	253.8
Highways & Infrastructure	53	50	48.6	47.8
Environment & Neighbourhood Services	347	344	275.7	272.6
<b>Cheshire East Council Total</b>	<b>3601*</b>	<b>3592*</b>	<b>2823.2*</b>	<b>2829.5*</b>

**\*Note:** The Chief Executive has not been included in any of the Directorate / Service information, but is counted in the overall Cheshire East Council headcount and FTE figures; similarly Executive / Directors and / or "Business Managers" will not appear in the "Service" totals but will appear in the overall "Directorate" figures. Employees with multiple assignments across services will appear in the headcount figures for each service, but will only be counted once in the total CEC headcount figure; where an employee has multiple assignments in the same service they will appear in the overall headcount figure only once for that service.

## Agency workers

89. Agency workers providing short term cover, project work and flexible specialist skills to maintain service delivery in areas such as social services, ICT and other professional services. Services keep the use of agency workers under regular review to manage this expenditure and, where appropriate, undertake permanent recruitment to provide longer-term stability.
90. The table below provides a summary of active agency worker assignments during 2020/21, together with agency worker assignments as a percentage of all Cheshire East assignments.

**Table 7: Active agency worker assignments**

	Active Assignments on 30.06.20	Active Assignments on 30.09.20	% of all Workforce Assignments on 30.06.20	% of all Workforce Assignments on 30.09.20
People	74	74	3.3%	3.4%
Corporate	90	87	11.7%	12.8%
Place	4	5	0.5%	0.7%
<b>Total</b>	<b>168</b>	<b>166</b>	<b>4.4%</b>	<b>5.0%</b>

91. The overall number of active agency assignments has remained stable during the first two quarters of 2020/21 with a small decrease in the overall active assignments. The slight increase in the percentage of all workforce assignments is due to an overall decrease in workforce headcount between Quarter 1 and 2.

## Absence

92. During the Covid-19 pandemic, absence figures were compiled on a daily basis initially (currently compiled weekly) by service areas to give a snapshot of the number of people absent from work due to sickness (Covid-19 related and for other reasons) or they have been self-isolating / shielding (because they could not undertake their job role from home). The majority of employees who were self-isolating or shielding continued to work from home during this period. Opportunities for redeployment continued to be considered for those who could not work from home in their substantive role.
93. At the mid-year stage, days lost to sickness (excluding Covid-19 self isolation) stood at 4.98 days against our annual target of 10 days or less. This is an improvement on the mid-year position in 2019/20 which was 5.13 days.

**Table 8: Days lost to sickness absence per FTE employee**

Cheshire East Council (excluding Schools)	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Q2 Absence April - Sept</b>	<b>5.19</b>	<b>5.21</b>	<b>4.89</b>	<b>5.13</b>	<b>4.98</b>

## Voluntary Redundancies

94. The Council's voluntary redundancy scheme provides support to organisational change and the delivery of the planned programme of change in the Corporate Plan. The effective use of voluntary redundancy enables the Council to achieve its planned savings and efficiencies and also helps to maintain good employee relations within the Authority and minimises the prospect of compulsory redundancy.

# Appendices to Third Quarter Review (FINANCE) 2020/21

**February 2021**

# Appendix 1

## Changes to Revenue Budget 2020/21 since Medium Term Financial Strategy

	Mid Year Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Third Quarter Net Budget £000
<b>PEOPLE</b>				
Directorate	881	-	-	881
Adult Social Care Operations	28,120	-	(87)	28,033
Children's Social Care	40,190	-	-	40,190
Commissioning	88,778	-	(20)	88,758
Education & 14-19 Skills	15,068	61	(41)	15,088
Prevention & Early Help	8,351	-	1	8,352
Public Health	-	-	-	-
	<b>181,388</b>	<b>61</b>	<b>(147)</b>	<b>181,302</b>
<b>PLACE</b>				
Directorate	977	-	1	978
Environment & Neighbourhood Service	40,844	-	455	41,299
Growth & Enterprise	20,551	-	-	20,551
Highways & Infrastructure	11,909	-	36	11,945
	<b>74,281</b>	<b>-</b>	<b>492</b>	<b>74,773</b>
<b>CORPORATE</b>				
Directorate	693	-	101	794
Finance & Customer Services	8,678	-	-	8,678
Governance and Compliance Services	10,018	-	-	10,018
Transformation	14,728	-	53	14,781
	<b>34,117</b>	<b>-</b>	<b>154</b>	<b>34,271</b>
<b>TOTAL SERVICE BUDGET</b>	<b>289,786</b>	<b>61</b>	<b>499</b>	<b>290,346</b>

	Mid Year Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Third Quarter Net Budget £000
<b>CENTRAL BUDGETS</b>				
Capital Financing	12,000	-	-	12,000
Corporate Contributions	717	-	-	717
Contribution to / from Reserves	(694)	-	-	(694)
	12,023	-	-	12,023
<b>TOTAL BUDGET</b>	<b>301,809</b>	<b>61</b>	<b>499</b>	<b>302,369</b>
<b>CENTRAL BUDGETS FUNDING</b>				
Business Rates Retention Scheme	(49,786)	-	-	(49,786)
Specific Grants	(22,372)	(61)	(499)	(22,932)
Council Tax	(229,504)	-	-	(229,504)
Sourced from Collection Fund	(147)	-	-	(147)
<b>TOTAL CENTRAL BUDGETS FUNDING</b>	<b>(301,809)</b>	<b>(61)</b>	<b>(499)</b>	<b>(302,369)</b>
<b>FUNDING POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Appendix 2

## Corporate Grants Register

### Government Grant Funding of Local Expenditure

1. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2020/21 was £254.8m.
2. In 2020/21 Cheshire East Council's specific use grants held within the services was budgeted to be £233.2m based on Government announcements to February 2020. This figure was revised up at mid-year to £241.1m (an increase of £7.9m). At third quarter, this figure was revised up again to £257.7m (an increase of £16.6m on mid-year).
3. The increase at third quarter relates mainly to new Covid-19 related grants: People Directorate £14.7m; Place £1.6m; Corporate £0.3m. Additional grants of £1.2m have also been received in respect of various Local Enterprise Partnership (LEP) schemes. Requests for the allocation of the additional grants received are detailed in **Table 1**.
4. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
5. In the Chancellors Budget on 11 March, two business grant schemes were announced to provide support for businesses as a result of the Covid-19 pandemic.
6. The Small Business Grant Fund (SBGF) is payable to small businesses – essentially those who are currently eligible for Small Business Rate Relief (SBRR) and Rural Rate Relief (RRR). The amount was increased from £3,000 in the Budget to £10,000 in the Chancellor's statement on 17 March.
7. The Retail, Hospitality and Leisure Grant (RHLG) is payable to smaller businesses in this sector, with £10,000 for businesses with rateable values of less than £15,000, and £25,000 for those with rateable values between £15,000 and £51,000 (i.e. those on the Small Business Rate Multiplier).
8. At the beginning of April, Cheshire East was paid £95.5m to passport directly to eligible businesses and by the end of August there had been payments made of £91.7m. The scheme officially closed at the end of August 2020 and any unspent grant will be repaid to central government.
9. Since August, further payments totalling £20.9m have been paid to Cheshire East to support businesses during the second national lockdown period.
10. General purpose grants were budgeted to be £21.6m. Further in-year grant announcements have increased the amount received to £117.0m at third quarter.
11. The Covid-19 pandemic has seen additional financial support issued by Central Government.
12. The Government announced in the Budget on 29 October 2018 that it would provide a Business Rates Retail Discount, to apply in the years 2019/20 and 2020/21. In response to the Coronavirus pandemic, in the Budget on 11 March the

Government announced that it would increase the discount to 100% and extend it to include the leisure and hospitality sectors. Following the announcement on 23 March 2020 of further measures to limit the spread of Coronavirus, the Government confirmed that some of the exclusions for this relief have been removed, so that retail, leisure, and hospitality properties that will have had to close as a result of the restriction measures were also eligible for the relief.

13. The estimated full cost for this additional relief for Cheshire East was £58.8m. Usually, local authorities would only be paid their Business Rates Retention share (49%) of any new burdens measures, but in this instance 100% of the funding is being paid to councils to help with cash flow shortfalls. At the end of the financial year, following a detailed reconciliation, the share relating to MHCLG (50%) will be repaid to Government.
14. On the 20 November, a further payment of £1.8m relating to Covid-19 Additional Business Rates Relief was received.
15. Additional general purpose grants of £9.7m have also been received during the year to date. These include further Covid-

19 related grant payments of £9.6m and an additional £0.1m in respect of Children and Families related grants. Requests for the allocation of the additional grants received are detailed in **Table 1**.

16. Business Rates 'Tax Loss Compensation grants' of £9.2m have also been received during 2020/21. This grant reimburses the Council for providing extra discounts to businesses in line with government guidance. £4.2m of the grant is required to fund services and is included as part of the revenue budget approved in February 2020. The remaining amount will be transferred to the Collection Fund Management earmarked reserve at year end in accordance with the Reserves Strategy.
17. **Table 3** provides a summary of the updated budget position for grants in 2020/21 by type and service. Further details of grants are shown in **Table 4** Corporate Grants Register
18. **Table 2** provides a summary of Covid-19 grants that have already been approved.

**Table 1 – Requests for Allocation of Additional Grant Funding**

Service	Type of Grant	£000	Details
People – Adult Social Care & Health	Covid-19 Infection Control Fund (Tranche 2) (Specific Purpose)	4,713	The primary purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of Covid-19 transmission in and between care homes and support wider workforce resilience.
People – Public Health	Covid-19 Contain Outbreak Management Fund (Specific Purpose)	6,500	As at the end of Dec 2020 CEC has received 2 payments of Contain Outbreak Management funding totaling £3.1m which have been approved via urgent decisions. The LA has been notified that it will receive additional funding from the 2 December every 28 days linked to which Tier Cheshire East is in (details below) to be reviewed in Jan 2021. This estimate of up to £6.5m is based on £4 per head of population from December 2020 to March 2021. As well as the review in Jan 2021 National restrictions have been introduced in early January 2021, therefore the values may change and this is an estimated SRE at the current time.
Central Budgets	Covid-19 Emergency Funding Tranche 4 (General Purpose)	2,578	The Covid-19 Emergency Funding is additional grant received due to the rising costs caused by the pandemic.
Central Budgets	Covid-19 Business Rate Tranche 2 (General Purpose)	1,775	The Government agreed, given the exceptional circumstances regarding the pandemic and the scale of business rates reliefs in 2020-21, that it would make further s.31 grant payments in respect of the underestimates made by authorities of the amount of expanded retail discount and nursery discount, during the course of the year.
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	4,372	Further funding to support small businesses in local areas have been made available through the Discretionary Local Authorities Grants.
<b>Allocation For Council Approval</b>		<b>19,938</b>	

Service	Type of Grant	£000	Details
Place – Directorate	Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11 (Specific Purpose)	620	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire &amp; Warrington Local Enterprise Partnership).</p> <p>To enable the 11 Northern LEPs (the NP11) to develop a more unified Northern Powerhouse economic development programme and voice. The NP11 will work together on issues where a pan-Northern approach to economic development can add value.</p>
Central Budgets	Covid-19 Local Restrictions Support Grant (Specific Purpose)	921	The Grant is offered to you as part of the wider set of measures to support the nation's economy and its businesses in response to Coronavirus Covid-19) and specifically for businesses that have been severely impacted, required to close while subject to Tier 2: High alert restrictions entered into on 2 December 2020.
<b>Allocation for Cabinet Approval</b>		<b>1,541</b>	
People – Children & Families	Covid-19 Coronavirus Schools Fund (Schools Emergency Support) (Specific Purpose)	257	<p>The provision is to support schools during the Covid-19 pandemic by providing funding for additional costs. All schools are encouraged to continue to manage their budgets in the most effective way possible, and to redirect their existing resources to best support all their pupils, particularly vulnerable children and children of critical workers. The DfE have identified areas where it is believed most likely that schools may face additional costs, as a result of the coronavirus (Covid-19) outbreak. These are:</p> <ul style="list-style-type: none"> <li>• increased premises related costs</li> <li>• support for free school meals for eligible children who are not attending school</li> <li>• additional cleaning</li> </ul>
People – Children & Families	Covid-19 Catch Up Premium (Specific Purpose)	353	The government has announced £1 billion of funding to support children and young people to catch up. This includes a one-off universal £650 million catch-up premium for the 2020 to 2021 academic year to ensure that schools have the support they need to help all pupils make up for lost teaching time. The Council has a responsibility to support delivery of service in school, if the funding is not transferred then this may lead to

Service	Type of Grant	£000	Details
			overspends on school budgets or young people not receiving a high-quality education. The provision is to ensure all children and young people return to education from the beginning of the autumn term. Schools should use this funding for specific activities to support their pupils to catch up for lost teaching over the previous months.
People – Children & Families	Remand Grant (Specific Purpose)	31	Children and Young People (CYP) who are remanded in youth detention accommodation will be given Looked After Children (LAC) status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice (YJ).
People – Adult Social Care & Health	Covid-19 Shielding Grant for the Clinically Extremely Vulnerable Cohort (Specific Purpose)	211	On 31 October, Government announced that new national restrictions would be implemented across England, effective from 5 November until 2 December. This funding has been allocated to Cheshire East to support our residents throughout that period, who have registered on the National Shielding Service System (NSSS) as Clinically Extremely Vulnerable (CEV). The funding will be spent on contacting CEVs, triaging individuals' needs, and providing support via connection with community groups.
Place – Growth & Enterprise	Covid-19 Next Steps Accommodation Programme Grant (Specific Purpose)	56	Next Steps short term funding of £56k will be for 'floating support' (£27,733) and rent in advance (£28,267) for the support of 38 individuals.
Place – Growth & Enterprise	Homeless Prevention Grant (Specific Purpose)	216	The Homelessness Prevention Grant is to be used for homelessness prevention activities in the Strategic Housing Service. It is a named grant, allocated to Local Authorities through the Revenue Support Grant. It is part of a number of Government funding streams put in place to assist Local Authorities to prevent homelessness and deal with the additional pressures that new legislation has placed on them.

Service	Type of Grant	£000	Details
Place – Environment & Neighbourhood Services	Covid-19 Local Authority Compliance and Enforcement Grant (Specific Purpose)	159	Compliance and Enforcement Activity with respect to Covid-19 to include: <ul style="list-style-type: none"> <li>• Practical support to aid and encourage compliance, such as dedicated staff in public areas, business support, or support for individuals</li> <li>• Measures to aid public and business awareness and understanding of regulations and guidance</li> <li>• Any activity associated with enforcement of Covid-19 regulations or guidance.</li> </ul>
Place – Highways & Infrastructure	Bus Service Operators Grant (Specific Purpose)	348	The Bus Service Operators Grant is a grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs. The amount each bus operator receives is based on their annual fuel consumption.
Place – Highways & Infrastructure	Better Deal for Buses - Supported Bus Services (Specific Purpose)	320	The funding for supported bus services in 2020/21 is being provided to local authorities as revenue support to help them provide more bus services in their area. To be used to improve the provision of local bus services in their area in one or more of the following ways: to improve current local bus services e.g. increasing evening or weekend frequencies, or supporting additional seasonal services in tourist areas; to restore lost bus routes where most needed to ensure people have access to public transport services; to support new bus services, or extensions to current services, to access e.g. new housing, employment opportunities, healthcare facilities, etc.
Place – Highways & Infrastructure	Covid-19 Bus Services Support Grant (Restart) - Tranche 2 and 3 (Specific Purpose)	336	Covid-19 Bus Services Support Grant can only be spent on supporting bus services that have been affected by or need to be adjusted because of the impact of Covid-19. It is to be used as additional support on top of normal funding for local bus services, not as a replacement of that funding.
Place – Directorate	Local Enterprise Partnership (LEP):	175	This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership).

Service	Type of Grant	£000	Details
	Growth Hub Supplementary Funding (Specific Purpose)		The Supplementary Grant is offered under Section 11 of the Industrial Development Act 1982 to support further development of Growth Hubs aligned to the Government's commitment to ensure that businesses in every region have access to high quality free and impartial advice and guidance via Growth Hubs. In recognition of the short-term pressures faced by Growth Hubs as a result of Covid-19, an agreed percentage of the Supplementary Grant is available for spend on activities and solutions to alleviate immediate pressures on businesses caused by Covid-19.
Place – Directorate	Local Enterprise Partnership (LEP): Growth Hub Cluster Network - Peer Networks (Specific Purpose)	135	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire &amp; Warrington Local Enterprise Partnership).</p> <p>Expenditure is reasonably incurred by the Cheshire and Warrington LEP for Cheshire East Borough Council via its Growth Hub in undertaking the programme of Peer Networks to provide support, advice and training to assist businesses to navigate the challenges facing them in relation to Covid-19 by working through with peers actions and solutions. The Cheshire East Borough Council via its Growth Hub will act as the delivery body for the networking scheme; recruiting participants, organising facilitators/coaches, organising virtual and physical venues, liaising with the evaluation partner and reporting to on performance (the "Funded Activities").</p>
Place – Directorate	Local Enterprise Partnership (LEP): EU Transition - Growth Hub Funding (Specific Purpose)	136	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire &amp; Warrington Local Enterprise Partnership).</p> <p>For Growth Hubs to support the EU transition business readiness activity, through more direct contact, in addition to passive communications activity, to increase the reach and intensity of information (including to vulnerable sectors and regions), guidance and support.</p>

Service	Type of Grant	£000	Details
			<p>Funding is to provide basic advisory resource to the 31<sup>st</sup> March 2021 across the LEP Network for outreach and proactive business support. The outline conditions of funding are:</p> <ul style="list-style-type: none"> <li>• It is ringfenced for securing additional advisers and for adviser salaries <b>only</b>; Advisers must be hired on temporary contracts or on a similar basis;</li> <li>• Funding will be available from 1st November 2020 until 31<sup>st</sup> March 2021;</li> <li>• This funding should not create any recurring liabilities beyond Financial Year 2020-21.</li> </ul>
Place – Directorate	Local Enterprise Partnership (LEP): Skills Advisory Panel (Specific Purpose)	75	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire &amp; Warrington Local Enterprise Partnership).</p> <p>Skills Advisory Panels are local partnerships that work to identify and address local skills priorities. They aim to strengthen the link between employers and skills providers – including colleges, independent training providers and universities.</p>
Place – Directorate	Local Enterprise Partnership (LEP): Education & Skills Funding Agency - Industry Placement Grant (Specific Purpose)	5	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire &amp; Warrington Local Enterprise Partnership).</p> <p>Industry placements: capacity and delivery fund (CDF) for providers delivering in 2020 to 2021 academic year.</p>
Place – Directorate	Covid-19 Getting Building Fund Capacity Grant (Specific Purpose)	45	<p>This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire &amp; Warrington Local Enterprise Partnership).</p> <p>Capacity funding to help manage the Getting Building Fund delivery: Getting Building Fund is to deliver jobs, skills and infrastructure across the country. This investment is being targeted in areas facing the biggest</p>

Service	Type of Grant	£000	Details
			economic challenges as a result of the pandemic. It is supporting the delivery of shovel-ready infrastructure projects, agreed with mayors and Local Enterprise Partnerships to boost economic growth, and fuel local recovery and jobs.
Corporate – Finance and Customer Services	Covid-19 Test and Trace Support (Specific Purpose)	251	Standard grant, discretionary grant & grant administration.
Corporate – Finance and Customer Services	Housing Benefit (HB) Award Accuracy Initiative (Specific Purpose)	18	<p>The HB Award Accuracy Initiative is mandatory from 2021-22. DWP is funding LAs that confirm their participation to undertake the following activities:</p> <ul style="list-style-type: none"> <li>• HB Full Case Reviews (FCRs) – looking at current claim details &amp; evidence held to review HB amount</li> <li>• HB Matching Service (HBMS) referrals, including: <ul style="list-style-type: none"> <li>- self-employed Earnings Reviews (SERs)</li> </ul> </li> <li>• the correct recording of cases and the return of management information (MI) to DWP, including: <ul style="list-style-type: none"> <li>- the correct recording of case outcomes on LA IT systems to inform SHBE (Single Housing Benefit Extract)</li> <li>- the return of clerical MI to DWP for HBMS case outcomes</li> </ul> </li> </ul> <p>The funding is to be utilised to drive activity under the three initiatives</p>
People – Children & Families	Extension of the role of Virtual School Heads (General Purpose)	61	<p>The purpose of the grant is to provide support to local authorities in England, to help them meet their duty to appoint a Virtual Schools Head for previously looked-after children and make information and advice available to the following parties for the purposes of promoting the education of eligible previously looked-after children:</p> <ul style="list-style-type: none"> <li>• any person that has parental responsibility for the child;</li> </ul>

Service	Type of Grant	£000	Details
			<ul style="list-style-type: none"> <li>providers of funded early years education, designated teachers for previously looked-after children in maintained schools and academies; and</li> <li>any other person the authority considers appropriate for promoting the educational achievement of relevant children.</li> </ul>
Place	Covid-19 Culture Recovery Fund (Specific Purpose)	180	Funding to be administered as a Culture Recovery Fund by the Arts Council England (ACE) Grants Programme. The purpose of the fund is to help maintain England's cultural ecology by supporting significant cultural organisations which were financially sustainable before Covid-19, but are now at imminent risk of failure and have exhausted all other options for increasing their resilience.
Place	Covid-19 Rough Sleepers (Specific Purpose)	6	Rough sleepers, or those at risk of rough sleeping have been supported by £3.2 million of initial emergency funding if they need to self-isolate to prevent the spread of COVID-19.
Place	Covid-19 Cold Weather Fund (Specific Purpose)	6	A new Cold Weather Fund for local areas to bring forward COVID-secure accommodation this winter to support rough sleepers off the streets over the winter period.
People	Covid-19 Domestic Abuse Duty Capacity Building Fund (Specific Purpose)	50	Funding to support local authorities in England to prepare for the new statutory duty to provide domestic abuse support in safe accommodation
Central Budgets	Covid-19 Christmas Support Payment (Specific Purpose)	237	The Grant is offered to you as part of the wider set of measures to support the nation's economy and its businesses in response to Coronavirus Covid-19). Local Authorities will receive a one-off payment amounting to £1,000 per wet-led pub in each eligible Local Authority where Tier 2 or Tier 3 restrictions are imposed following the scheduled Tier review dates of 2 December and 16 December.

Service	Type of Grant	£000	Details
Corporate	Local Authority Discretionary Grant Fund – New Burdens (Specific Purpose)	77	To meet the additional costs resulting from Covid-19 grant delivery, reconciliation and post payment assurance processes and the parliamentary constituency data exercise for the Small Business Grant Fund, Retail Hospitality and Leisure Grant Fund and Local Authority Discretionary Grant Fund.
<b>Total Allocation less than £500,000</b>		<b>3,744</b>	
<b>Total Allocation 2020/21</b>		<b>25,223</b>	

**Table 2 - Summary of Covid-19 Grants already Approved**

Service	Type of Grant	£000	Details
Public Health	Covid-19 Infection Control (Specific Purpose)	5,320	The primary purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of Covid-19 transmission in and between care homes and support wider workforce resilience.
Public Health	Covid-19 Test, Track and Contain (Specific Purpose)	1,533	The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred in relation to the mitigation against and management of local outbreaks of Covid-19.
Place	Covid-19 Towns Fund (Specific Purpose Capital Grant)	750	The Towns Fund works with places to address growth constraints and to chart a path of recovery from the impact of Covid-19. The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	95,514	Funding provided to local authorities to passport directly to eligible businesses applying for business support grants due to the pandemic.
Central Budgets	Covid-19 Emergency Funding Tranches 2 and 3 (General Purpose)	13,251	The Covid-19 Emergency Funding is additional grant received due to the rising costs caused by the pandemic.
Central Budgets	Covid-19 Business Rate Holiday (Specific Purpose)	58,786	<p>Eligible businesses in the retail, hospitality and leisure sectors in England will not have to pay business rates for the 2020 to 2021 tax year. This grant compensates local authorities for the business rates income not received.</p> <p>The grant has been received based on 100% of the discount value to help local authority cash flow situations. A reconciliation will be undertaken at the end of the year to pay back MHCLGs 50% share of this funding accordingly.</p>

Service	Type of Grant	£000	Details
Central Budgets	Covid-19 Council Tax Hardship (Specific Purpose)	2,063	New grant funding to support economically vulnerable people and households in their local area.
Place	Covid-19 Emergency Active Travel Fund (Specific Purpose)	774	To develop and deliver a borough-wide programme of Active Travel measures to support Covid-19 recovery by improving active travel provision for workplaces, schools and town centres. £155,000 has been received and £619,000 is pending. £69,000 is for revenue and £705,000 is for capital.
Corporate	Covid-19 Emergency Assistance Grant for Food & Essential Supplies (Specific Purpose)	326	This grant is for local authorities in England to use to support people who are struggling to afford food and other essentials due to Covid-19.
Corporate	Covid-19 Local Authority Discretionary Grant (Specific Purpose)	170	This grant is intended to fund costs incurred in the administration of business support grants including staff costs, software updates, print & postage and other 3 <sup>rd</sup> party support.
Place	Covid-19 Reopening High Streets Safely (Specific Purpose)	340	This additional funding is to support the safe reopening of high streets and other commercial areas. The money will allow local authorities in England to put in place additional measures to establish a safe trading environment for businesses and customers, particularly in high streets, through measures that extend to the end of March 2021.
Place	Covid-19 Bus Support Restart (Specific Purpose)	157	This funding is available to increase capacity on buses in order to help keep passengers safe during the Covid-19 crisis, and also to prepare for a recovering economy.

Service	Type of Grant	£000	Details
Place	Covid-19 Local Bus Network (Specific Purpose)	180	Additional support for bus services that have been affected by, or need to be adjusted because of, the impact of Covid-19. Conditions apply and any underspend will need to be returned to DfT.
People – Children & Families	Covid-19 Wellbeing for Education Return (Specific Purpose)	55	This grant seeks to better equip schools and colleges to promote children and young people’s wellbeing, resilience, and recovery in response to Covid-19.
People – Children & Families	Covid-19 Home to School Transport (Specific Purpose)	295	Thousands of students will be supported with new dedicated school and college transport to get them to school or college in the Autumn term. This funding will help them create extra capacity and allow hundreds of thousands more students to use alternatives to public transport, while social distancing measures remain in place.
Central Budgets	Fees and Charges Compensation	2,137	First instalment for compensation relating to reduced fees and charges due to Covid-19 (forecast for the full year is £6.1m).
Central Budgets	Covid-19 Winter Grant Scheme	880	The Department for Work and Pensions (DWP) will provide funding to County Councils and Unitary Authorities, under section 31 of the Local Government Act 2003, who will administer the scheme and provide direct assistance to vulnerable households and families with children particularly affected by the pandemic.
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	15,263	Funding provided to local authorities to passport directly to eligible businesses applying for business support grants due to the pandemic relating to the second national lockdown.
People – Public Health	Covid-19 Contain Outbreak Management Fund (Specific Purpose)	1,152	The purpose of this grant is to fund the following activities: <ul style="list-style-type: none"> <li>• Targeted testing for hard-to-reach groups out of scope of other testing programmes.</li> <li>• Additional contact tracing.</li> </ul>

Service	Type of Grant	£000	Details
			<ul style="list-style-type: none"> <li>• Enhanced communication and marketing e.g. towards hard-to-reach groups and other localised messaging.</li> <li>• Delivery of essentials for those in self-isolation.</li> <li>• Targeted interventions for specific sections of the local community and workplaces.</li> <li>• Harnessing capacity within local sectors (voluntary, academic, commercial).</li> <li>• Extension/introduction of specialist support (behavioural science, bespoke comms).</li> <li>• Additional resource for compliance with, and enforcement of, restrictions and guidance.</li> </ul>
People – Public Health	Covid-19 Contain Outbreak Management Fund (Tranche 2) (Specific Purpose)	1,921	On Thursday 5 November, the country went into a second period of national lockdown restrictions. As a result, the level of grant income was increased by a further grant of £1.921m, as the allocation basis had been increased from £3.00 per head to £8.00 per head.

Urgent decisions made following Member consultation

Date	Summary of decision	Decision on behalf of	Members, MO/S151 consulted/ content?	Status
26 05 20	Covid-19 Discretionary Grant Fund: approval of supplementary revenue estimate of funds made available from Government, to make payments to businesses in the sum of £4,287,250. Delegation of the design and implementation of a policy and scheme for the distribution of funds.	Council	Yes	Decision made and Members notified
08 06 20	Approval of supplementary revenue estimate of £5.32m relating to the Covid-19 Infection Prevention Fund for Local Authorities' allocation for Cheshire East Council. Authorisation of the distribution of the first 75% of the Grant to eligible care home providers in the Cheshire East Borough in accordance with the DoHSC Grant conditions. Delegated authority to utilise the 25% balance of the Grant to support the wider care market with Infection Control measures.	Council	Yes	Decision made and Members notified

Urgent decisions made by the Chief Executive relating to Covid-19 funding under general delegation dated 2 July 2020

Date	Summary of decision	MO/S151 consulted	Status
07 07 20	Acceptance of the offer of the £750,000 Town Fund allocation for Crewe; agree a Supplementary Capital Estimate; expenditure delegated to the Executive Director of Place, subject to first consulting the Portfolio Holder for Environment and Regeneration.	Yes	Decision made and all Members notified on 08 07 20
08 07 20	<p>Test and Trace:                      Acceptance of the Council's allocated grant of £1.53m.                      Authorisation of a Supplementary Revenue Estimate, for the 2020/21 Financial Year, of £1.53m.                      Authorisation of the Executive Director-People, in consultation with the Portfolio Holder for Public Health and Corporate Services, to distribute the grant in accordance with the conditions which have been attached to it.</p>	Yes	Decision made and all Members notified on 08 07 20 Further clarification provided to all Members on 10 <sup>th</sup> July 2020 that the previous reference to the Portfolio Holder for Adult Social Care and Health had been corrected.

**Table 3 - Summary of Grants**

	Original Budget	Revised Forecast MYR	Revised Forecast TQR	Change from MYR
	2020/21 £m	2020/21 £m	2020/21 £m	2020/21 £m
<b>SPECIFIC USE</b>				
Held within Services	233.2	241.1	257.7	16.6
<b>GENERAL PURPOSE</b>				
Business Support Grant	0.0	95.5	116.3	20.8
Service Funding:				
People - Childrens and Families	0.0	0.4	0.5	0.1
People - Adult Social Care and Health	8.8	8.8	8.8	0.0
Place	0.0	0.3	0.3	0.0
Corporate	12.8	14.9	14.9	0.0
Central Items	0.0	81.2	92.5	11.3
<b>TOTAL GENERAL PURPOSE</b>	<b>21.6</b>	<b>201.1</b>	<b>233.3</b>	<b>32.2</b>
<b>TOTAL GRANT FUNDING</b>	<b>254.8</b>	<b>442.2</b>	<b>491.0</b>	<b>48.8</b>

Source: Cheshire East Finance

**Table 4 – Corporate Grants Register**

Corporate Grants Register 2020/21	Original Budget 2020/21 £000	Revised Forecast MYR 2020/21 £000	Revised Forecast TQR 2020/21 £000	Change from MYR 2020/21 £000	Treatment of Grant <i>Notes 2 - 5</i>
<b>SPECIFIC USE (Held within Services)</b>					
<b>PEOPLE</b>					
Schools <sup>1</sup>	151,887	150,383	150,555	173	
Children and Families	1,759	2,021	2,019	(3)	
Adult Social Care	12,637	18,284	29,708	11,424	
Public Health	15,967	18,291	21,364	3,073	
<b>Total</b>	<b>182,250</b>	<b>188,979</b>	<b>203,646</b>	<b>14,667</b>	
<b>PLACE</b>					
Growth and Enterprise	263	1,572	1,506	(67)	
Environment and Neighbourhood Services	0	0	159	159	
Highways and Infrastructure	0	336	1,340	1,004	
Directorate	787	1,561	2,047	486	
<b>Total</b>	<b>1,050</b>	<b>3,469</b>	<b>5,052</b>	<b>1,582</b>	
<b>CORPORATE</b>					
Finance and Customer Services	49,878	48,618	48,964	346	
<b>Total</b>	<b>49,878</b>	<b>48,618</b>	<b>48,964</b>	<b>346</b>	
<b>TOTAL SPECIFIC USE</b>	<b>233,178</b>	<b>241,066</b>	<b>257,661</b>	<b>16,595</b>	

Corporate Grants Register 2020/21	Original Budget 2020/21 £000	Revised Forecast MYR 2020/21 £000	Revised Forecast TQR 2020/21 £000	Change from MYR 2020/21 £000	Treatment of Grant  <i>Notes 2 - 5</i>
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Business Support Grant	0	95,514	116,307	20,793	Balances
<b>People - Children and Families</b>					
Staying Put Implementation Grant	0	113	113	0	
Extended Rights to Free Transport (Home to School Transport)	0	201	201	0	
Extended Personal Adviser Duty Implementation	0	42	42	0	
Extension of the role of Virtual School Heads	0	0	61	61	SRE
Domestic Abuse Duty Capacity Building Fund	0	0	50	50	ODR
<b>People - Adult Social Care and Health</b>					
Social Care Support Grant	7,616	7,616	7,616	0	
Independent Living Fund	818	861	861	0	
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard	340	340	340	0	
<b>Place</b>					
Neighbourhood Planning Grant for Local Planning Authorities	0	100	100	0	
Homelessness Reduction Act	0	116	116	0	
Letting Agents Transparency & Redress Schemes	0	1	1	0	
Environmental Service Feasibility Study (NW Local Energy Hub)	0	67	67	0	

Corporate Grants Register 2020/21	Original Budget 2020/21 £000	Revised Forecast MYR 2020/21 £000	Revised Forecast TQR 2020/21 £000	Change from MYR 2020/21 £000	Treatment of Grant  <i>Notes 2 - 5</i>
<b>Corporate</b>					
Housing Benefit and Council Tax Administration	1,027	1,022	1,022	0	
NNDR Administration Allowance	571	571	571	0	
New Homes Bonus	11,193	11,193	11,193	0	
Individual Electoral Registration	0	34	34	0	
COVID-19 Council Tax Hardship Fund	0	2,063	2,063	0	
<b>Central Items</b>					
COVID-19 Additional Business Rates Reliefs payments for 2020/21 (Tranche 1)	0	58,786	58,786	0	
COVID-19 Additional Business Rates Reliefs payments for 2020/21 (Tranche 2)	0	0	1,775	1,775	Reserves
COVID-19 Compensation for Sales, Fees and Charges Income	0	0	6,100	6,100	Balances
COVID-19 Emergency Funding (Tranche 2)	0	10,539	10,539	0	
COVID-19 Emergency Funding (Tranche 3)	0	2,711	2,711	0	
COVID-19 Emergency Funding (Tranche 4)	0	0	2,578	2,578	Balances
COVID-19 Winter Grant Scheme	0	0	880	880	Balances
Business Rates Reliefs Grant 2020/21	0	4,988	4,988	0	
Business Rates Reliefs Grant 2020/21	0	4,200	4,200	0	
<b>Total Service Funding</b>	<b>21,565</b>	<b>105,563</b>	<b>117,007</b>	<b>11,444</b>	
<b>TOTAL GENERAL PURPOSE</b>	<b>21,565</b>	<b>201,077</b>	<b>233,314</b>	<b>32,237</b>	
<b>TOTAL GRANT FUNDING</b>	<b>254,743</b>	<b>442,143</b>	<b>490,975</b>	<b>48,832</b>	

Notes

- 1 The Dedicated Schools Grant, Pupil Premium Grant, Sixth Form Grant and Other School Specific Grant from the Education Funding Agency (EFA) figures are based on actual anticipated allocations. Changes are for in-year increases/decreases to allocations by the DfE and conversions to academy status.
- 2 SRE - Supplementary Revenue Estimate requested by relevant service.
- 3 ODR - Officer Decision Record to approve immediate budget change to relevant service.
- 4 Reserves - transfer to reserves at year end.
- 5 Balances - amount will be included as a variance to budget.

# Appendix 3

## Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £4.8m since the end of July.
2. Annually, the Council raises invoices with a total value of over £70m. 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.
3. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
4. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor). In 2019/20 the team collected £3m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of October 2020 was £15.6m.

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

### DEBT SUMMARY

	Outstanding Debt £000	Over 6 months old £000
<b>People</b>		
Adults, Public Health and Communities	12,610	4,767
Children's Social Care (Incl. Directorate)	507	94
Education and 14-19 Skills	47	25
Prevention and Early Help	10	3
Schools	92	40
<b>Place</b>		
Highways and Infrastructure	1,225	859
Growth and Enterprise	638	221
Environment and Neighbourhood Services	384	230
<b>Corporate</b>		
Finance and Customer Services	21	5
Governance and Compliance	13	6
Transformation	44	1
	<b>15,591</b>	<b>6,251</b>

# Appendix 4

## Capital Strategy

### Contents

1. Update on Capital Financing Budget	- 45 -
2. Update on 2020/21-2023/24 Capital Programme	- 46 -

### Annexes:

A. Revised Capital Programme	- 49 -
B-D. Supplementary Capital Estimates & Virements	- 51 -
E. Capital Budget Reductions	- 55 -
F. Transfer to and from the Addendum	- 56 -
G. Prudential Indicators	- 59 -

**Table 1: Financial Parameters for 2020/21 to 2023/24**

Parameter	Value (£m)			
	2020/21	2021/22	2022/23	2023/24
<b>Repayment of Borrowing</b>				
<b>Minimum Revenue Provision*</b>	11.0	13.5	16.0	18.4
<b>External Loan Interest</b>	5.1	4.9	4.8	4.7
<b>Investment Income</b>	(0.9)	(0.9)	(0.9)	(0.9)
<b>Contributions from Services Revenue Budgets</b>	(1.5)	(1.6)	(1.6)	(1.7)
<b>Total Capital Financing Costs</b>	<b>13.7</b>	<b>15.9</b>	<b>18.3</b>	<b>20.5</b>
<b>Use of Financing EMR</b>	<b>(1.7)</b>	<b>(1.9)</b>	<b>(0.3)</b>	<b>(1.5)</b>
<b>Actual CFB in MTFS</b>	<b>12.0</b>	<b>14.0</b>	<b>18.0</b>	<b>19.0</b>
<b>Capital Receipts targets*</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Flexible use of Capital Receipts</b>	<b>3.0</b>	<b>0.6</b>	<b>0</b>	<b>0</b>

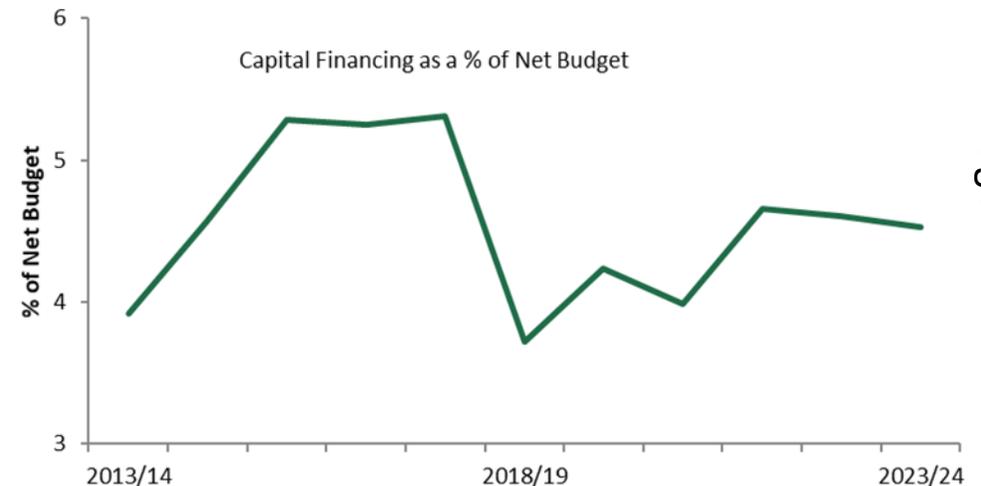
\*Anticipated MRP based on achieving capital receipts targets

### Repayment of Borrowing

- 1.1 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the

Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision.

- 1.2 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision). This ensures that the revenue cost of repaying debt is spread over the life of the asset, similar to depreciation.



- 1.3 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in **Annex G**. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

- 1.4 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in **Appendix 5** of this report.
- 1.5 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short term interest rates are currently much lower than long term rates this is likely to be more cost effective.

#### **Contributions from Services**

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

- 1.9 The Council's strategy is to use revenue contributions of £6.4m over the next four financial years to finance the Capital Programme to reduce the overall Capital Financing Budget. These contributions come from: £2.8m from the Investment Portfolio; £2.1m contribution from schools towards the schools transformation programme; £0.8m from ESAR for the improvements to the Council's leisure facilities; £0.4m from Highways Street Lighting for the upgrade to LED lighting; and £0.3m from Transformation Services for the Azure 365 upgrade.

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

- 1.10 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.
- 1.11 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the Capital Finance Budget (CFB) within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also recommend appropriate use of the Financing Earmarked Reserve over the period.
- 1.12 The Council's current strategy is to draw-down up to £5.4m from the Financing Earmarked Reserve for the period 2020/21 to 2023/24.

#### **Flexible Use of Capital Receipts**

- 1.13 Government guidance on the flexible use of capital receipts allows local authorities to use capital receipts to off-set the revenue costs of transformational projects which are expected to deliver future ongoing revenue savings.

1.14 Within the 2020/21 revenue budget £1m of capital receipts have been identified to fund transformational projects. In addition up to £2m of capital receipts will be used to fund the implementation costs of the B4B programme, which have been identified as revenue in 2020/21. The capital reserve holds £3m of capital receipts for this purpose. Up to £0.6m of capital receipts may be utilised for the B4B programme in 2021/22.

### Capital Programme – Third Quarter Review Position

1.15 Since the mid year review was approved in October 2020 the Capital Programme has increased by £3.7m for the next four year period.

1.16 Potential additional costs of £8.0m have been identified in the Capital Programme, linked to Covid-19. Costs will either be absorbed within existing risk profiles of the associated capital projects or funded via drawdown from the Covid-19 Earmarked Reserve.

1.17 The main change for the increase is a net movement of budgets transferring to the Addendum totalling £8.0m. There are a number of increases from Supplementary Capital Estimates (£4.1m), as well as changes reported this quarter totalling £4.8m. **Table 2** below shows a summary of the changes.

**Table 2: Summary Capital Programme**

	MYR Budget	SCEs/ Virements in Quarter	Transfers to/from Addendum	Budget Reductions at TQR	SCEs/ Virements at TQR	Revised TQR Budget
	2020/24 £m	2020/24 £m	2020/24 £m	2020/24 £m	2020/24	2020/24 £m
People Directorate	45.0	3.7	-	-	0.7	49.4
Place Directorate	399.9	0.5	(13.0)	(0.2)	1.9	389.1
Corporate Directorate	47.6	(0.1)	8.0	-	2.2	57.7
	492.5	4.1	(5.0)	(0.2)	4.8	496.2

1.18 During October and November 2020 the Deputy Chief Executive, Frank Jordan held a number of Capital Challenge sessions across all three Directorates where schemes were prioritised, reprofiled or removed from the programme entirely. As a result schemes within the Place Directorate (£13.5m) were identified that could be transferred to the Addendum until such time they become affordable or the schemes are ready to be developed. The details are shown in **Annex F**.

1.19 There are a number of Supplementary Capital Estimates, the most notable of which is the increase in the Best4Business Programme of £1.808m for the costs associated with completing the project in 2021/22. Cheshire East Council and Cheshire West and Chester Council pay for the 50% of the costs each so the additional cost to the Council will be £0.904m.

1.20 A supplementary capital estimate of £0.346m relates to the implementation of a new financial forecasting tool known as Financial Planning & Analysis (FP&A). Cheshire East Council and Cheshire West and Chester Council pay for the 50% of the costs each so the additional cost to the Council will be £0.173m.

1.21 There is also another significant Supplementary Capital Estimates for £0.9m which is for the Public Sector Decarbonisation Scheme and is fully funded from a government grant.

1.22 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 **Annex A**.

- 1.23 **Annex B** details requests of Supplementary Capital Estimates (SCE) up to and including £500,000 and Capital Virements up to and including £1,000,000 approved by delegated decision which are included for noting purposes only.
- 1.24 **Annex C** lists details of Supplementary Capital Estimates (SCE) over £500,000 and up to and including £1,000,000 that requires Cabinet to approve.
- 1.25 **Annex D** details of a Supplementary Capital Estimates (SCE) over £1,000,000 that requires Cabinet to recommend to Council for approval.
- 1.26 **Annex E** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.
- 1.27 **Annex F** lists the transfers to and from the Addendum These are for noting purposes only.
- 1.28 **Table 3** shows the revised Addendum programme. As well as the schemes added to the Addendum after the Capital

Challenge sessions, three additional transfers have been approved these include a £8m loan to the Local Enterprise Partnership (LEP), £0.025m for the Carbon Offset Investment project at Pastures Wood Farm and £0.492m for Congleton Leisure Improvements scheme. Two housing development schemes at Gawsorth (£1.7m) and Browning Street (£0.9m) have been removed as the schemes will no longer proceed. There was also a £0.250m reduction on the Information Assurance and Data Management programme.

**Table 3: Addendum**

Addendum 2020/21 - 2023/24					
	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Total Budget 2020-24 £000
<b>Addendum</b>					
People	5,454	17,575	15,775	4,700	43,504
Place	30,851	53,239	40,311	72,575	196,976
Corporate	25,313	34,741	34,724	34,983	129,761
<b>Total Addendum</b>	<b>61,618</b>	<b>105,555</b>	<b>90,810</b>	<b>112,258</b>	<b>370,244</b>

## Annex A: Third Quarter Review Update

### CESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

#### CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
<b>Committed Schemes - In Progress</b>					
People	14,323	21,614	9,798	1,945	47,680
Place	87,997	126,180	100,362	26,284	340,823
Corporate	14,890	15,577	9,617	8,012	48,096
<b>Total Committed Schemes - In Progress</b>	<b>117,210</b>	<b>163,371</b>	<b>119,777</b>	<b>36,241</b>	<b>436,599</b>

#### CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
<b>New Schemes</b>					
People	187	750	750	0	1,687
Place	10,372	13,300	12,462	12,247	48,380
Corporate	8,676	300	310	230	9,516
<b>Total New Schemes</b>	<b>19,235</b>	<b>14,350</b>	<b>13,522</b>	<b>12,477</b>	<b>59,583</b>
<b>Total</b>	<b>136,445</b>	<b>177,721</b>	<b>133,298</b>	<b>48,718</b>	<b>496,182</b>

# CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

## CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis:</b> (See note 1)					
Government Grants	65,476	92,398	71,414	14,092	<b>243,381</b>
External Contributions	6,890	15,611	21,606	22,650	<b>66,757</b>
Revenue Contributions	300	0	0	0	<b>300</b>
Capital Receipts	1,000	1,000	1,000	1,000	<b>4,000</b>
Prudential Borrowing (See note 2)	62,779	68,711	39,278	10,976	<b>181,744</b>
<b>Total</b>	<b>136,445</b>	<b>177,721</b>	<b>133,298</b>	<b>48,718</b>	<b>496,182</b>

### Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next three years 2020-24 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

### Note 2:

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

## Annex B: Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements</b>		
<b>Supplementary Capital Estimates that have been made up to £500,000</b>		
<b>Education and 14-19 Skills</b>		
Schools Condition Capital Grant	10,000	School Contribution from Edleston Primary for 2021 School Managed Schemes
Schools Condition Capital Grant	35,000	School Contribution from Elworth Hall Primary for 2021 School Managed Schemes
Schools Condition Capital Grant	1,500	School Contribution from Goostrey Community Primary School for 2021 School Managed Schemes
Schools Condition Capital Grant	5,200	School Contribution from Rode Heath Primary School for 2021 School Managed Schemes
<b>Prevention and Support</b>		
Schools Condition Capital Grant	3,173	School Contribution from Scholar Green Primary School for 2021 School Managed Schemes
<b>Highways and Infrastructure</b>		
Active Travel Fund (Covid-19)	135,625	Grant funding received for special measures.
Sustainable Travel Access Programme	8,944	Additional S106 funding available to support the Wilmslow Cycleway project
<b>S278s</b>		
Pool Lane, Winterley	368	Final account now received, increase budget for S278 developer fees
S278 Hall Lane, SandbachM - 1272740	841	Final account now received, increase budget for S278 developer fees
Barracks Mill, Black Lane	20,000	To increase budgets to match forecast expenditure which will be reimbursed by the S278 Developers.
S278 Dunwoody Way (fodens)	2,000	
S278 University Way, Crewe	8,000	
S278 Moorfields, Willaston	15,000	
Close Lane, Alsager	5,000	
Goldfinch Close, Congleton	2,000	
Maw Green Road, Crewe	1,000	
Congleton Road, Sandbach	1,000	
<b>S106s</b>		
M'wich Rd Elworth Ped Crossing	28,777	To utilise the additional funds held in the S106 contributions.
<b>Environment and Neighbourhood Services</b>		
Household Bins Schemes	46,062	Current expenditure levels will create a shortfall against the available budget at year-end. The excess expenditure is being funded by a revenue contribution.
<b>Finance and Customer Services</b>		
Forecasting Tool (FP&A) Implementation	346,000	To create a new budget for the implementation of the forecasting tool (FP & A) . The budget is funded 50% each by both Cheshire East Council and Cheshire West and Chester Council.
<b>Total Supplementary Capital Estimates Requested</b>	<b>675,490</b>	

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements</b>		
<b>Capital Budget Virements that have been made up to £1,000,000</b>		
<b>Education and 14-19 Skills</b>		
Schools Condition Capital Grant	5,053	Ashdene Primary School - Contribution to School Condition project
Schools Condition Capital Grant	6,284	Dean Valley Primary School - Contribution to School Condition project
Schools Condition Capital Grant	15,513	Elworth Hall Primary School - Contribution to School Condition project
Schools Condition Capital Grant	5,600	Haslington Primary School- Contribution to School Condition project
Schools Condition Capital Grant	1,784	Lindow Primary School - Contribution to School Condition project
Schools Condition Capital Grant	3,000	Middlewich High School Contribution to School Condition project
Schools Condition Capital Grant	2,124	Mobberley PS Contribution to School Condition project
Schools Condition Capital Grant	4,295	Rainow Primary School Contribution to School Condition project
Schools Condition Capital Grant	6,400	Rode Heath Primary School -Contribution to School Condition project
Schools Condition Capital Grant	2,000	Weaver Primary School - Contribution to School Condition project
Schools Condition Capital Grant	37,314	Wilmslow High School DFC to the School condition project
Schools Condition Capital Grant	531	Bickerton Primary School - Contribution to School Condition project
Schools Condition Capital Grant	4,000	Elworth CE Primary School - Contribution to School Condition project
Schools Condition Capital Grant	1,162	Havannah Primary School - Contribution to School Condition project
Schools Condition Capital Grant	7,723	Lower Park Primary School - Contribution to School Condition project
Schools Condition Capital Grant	1,728	Mablins Lane Primary Schools - Contribution to School Condition project
Schools Condition Capital Grant	15,000	Malbank High School - Contribution to School Condition project
Schools Condition Capital Grant	1,390	Park Lane School - Contribution to School Condition project
Schools Condition Capital Grant	9,043	The Dingle Primary School - Contribution to School Condition project
Schools Condition Capital Grant	7,500	Hurdsfield Primary School - Contribution to School Condition Project
Schools Condition Capital Grant	21,827	Scholar Green Primary School - Condition to School Condition Project
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	10,004	Hurdsfields Primary School - project complete return residual grant to Basic Need Block Allocation
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	109,560	Cranberry Primary School - project now complete return residual grant to Basic Need Block Allocation
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	6,228	Chelford Primary School - project now compleet return residual grant to Basic Need Block Allocation
<b>Highways and Infrastructure</b>		
Flooding and Weather Events	325,000	Virement from Bridge Maintenance, funded by the Local Transport grant to cover additional spend.
Sustainable Travel Access Programme	131,000	Virement from Active Travel, funded by the Local Transport after review of spending.
Sustainable Travel Access Programme	184,000	Virement from the Highways Challenge Fund to support the Wilmslow Cycleway Project.
<b>Growth and Enterprise</b>		
Corporate Landlord - Operational	28,140	To combine the two corporate landlord schemes together as they are both funding the Atrium system replacement programme.
<b>Environment and Neighbourhood Services</b>		
Litter and Recycling Bins	7,950	Virement from Little Bin Monitors project - no longer required as project complete.
<b>Total Capital Budget Virements Approved</b>	<b>961,153</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>1,636,643</b>	

## Annex C: Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Cabinet are asked to approve the Supplementary Capital Estimates and Virements</b>		
<b>Supplementary Capital Estimates above £500,000 up to and including £1,000,000</b>		
<b>Education and 14-19 Skills</b>		
Schools Condition Capital Grant	589,604	Additional allocation for 2020-21 to assist Schools with the recovery from the pandemic.
<b>Growth and Enterprise</b>		
Crewe Town Centre Regeneration	750,000	Towns Fund (Accelerated Funding) of £0.750m received, expected to be spent on the Lyceum Square project this year.
<b>Environment and Neighbourhood Services</b>		
Public Sector Decarbonisation Scheme	932,661	Grant funding to support the Council's Carbon Neutral Programme.
<b>Total Supplementary Capital Estimates Requested</b>	<b>2,272,265</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>2,272,265</b>	

## Annex D: Requests for Supplementary Capital Estimates (SCEs) and Virements

Service	Amount Requested	Reason and Funding Source
	£	
<b>Cabinet are asked to request Council to approve the Capital Virements and SCEs</b>		
<b>Supplementary Capital Estimates over £1,000,000</b>		
<b>Corporate - Finance and Customer Services</b>		
Best4Business	1,808,000	Increase in Best4Business Programme to allow the full implementation of the system. The budget is funded 50% each by both Cheshire East Council and Cheshire West and Chester Council.
<b>Total Supplementary Capital Estimates Requested</b>		<b>1,808,000</b>
<b>Total Supplementary Capital Estimates and Virements</b>		<b>1,808,000</b>

## Annex E: Capital Budget Reductions

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
<b>Cabinet are asked to note the reductions in Approved Budgets</b>				
<b>Education and 14-19 Skills</b>				
Cranberry Primary School	1,204,897	1,178,724	-26,173	Cranberry Primary School project is now complete and the remaining budget is no longer required.
<b>Highways and Infrastructure</b>				
Taylor Dr/Edmund Wright Way	490,311	455,350	-34,961	The remaining budget is no longer required and any remaining expenditure will be funded from the Part 1 Claims Project already approved in the main programme.
<b>S278s</b>				
Windsor Place, Congleton	4,250	4,211	(39)	S278 Developer funded project now completed. Budget no longer required.
Capricorn 17	60,000	5,351	(54,649)	S278 Developer funded project now completed.
Former Moss Inn, Congleton	2,496	2,414	(82)	S278 Developer funded project now completed. Budget no longer required.
Queens Park Drive, Crewe	3,000	2,984	(16)	
S278 Aldi, Crewe	6,500	3,430	(3,070)	
London Road, Holmes Chapel	20,000	7,952	(12,048)	
Adlington Road Wilmslow	25,000	14,944	(10,056)	
Garden View, Cheerbrook Rd	4,000	1,635	(2,365)	
S278 Hollyhurst Rd, Nantwich	3,000	2,579	(421)	
S278 Church Lane, Wistaston	20,000	12,282	(7,718)	
S278 - Abbey Road, Sandbach	20,000	6,000	(14,000)	
S278 - Church Lane, Sandbach	20,000	10,000	(10,000)	
Croxton Lane, Middlewich	10,000	9,500	(500)	To reduce the budget to match the S278 Developer funds received
Buxton Road, Macclesfield	7,000	3,446	(3,554)	
S278 Trouthall Lane, Plumley	4,000	2,456	(1,544)	
<b>S106s</b>				
Middlewich Rd, H Chapel Ped X	107,080	101,960	(5,120)	This £5k Section 106 funding is already being used to fund TM measures Holmes Chapel - 40HTCAP-CT00029
<b>Growth and Enterprise</b>				
Hollins View	158,800	158,744	(56)	This project is now complete, it is over 12 months now since completion, past the due date for any retention works.
Wheelock Rail Trail s106	10,210	0	(10,210)	This project has been delivered through revenue, so the S106 funding will be transferred to revenue to offset the cost and the capital project is no longer needed.
	<b>2,180,544</b>	<b>1,983,962</b>	<b>(196,582)</b>	

## Annex F: Transfers from and to the Capital Addendum

Service / Capital Scheme	Amount Transferred Third Quarter £	Reason / Comment
<b>Budgets Transferred from the Addendum to the Main Capital Programme</b>		
<b>Growth and Enterprise</b>		
Pastures Wood	(25,000)	A carbon project that will restore the mossland at Pastures Wood Farm
<b>Environment and Neighbourhood Services</b>		
Congleton Leisure Centre Improvements	(492,000)	Additional budget required for the improvements to Congleton Leisure Centre. The budget budget will be part funded by Everybody Sport and Recreation.
<b>Finance and Customer Services</b>		
Strategic Commercial Activities - Enterprise Zones	(8,001,000)	Budget required for a capital loan to the Local Enterprise Partnership for Enterprise Zones within the borough.
<b>Total Budgets Transferred to Main Capital Programme</b>		<b>(8,518,000)</b>

Service / Capital Scheme	Amount Transferred Third Quarter £	Reason / Comment	
<b>Capital Budgets transferred from the Main capital Programme to the Addendum</b>			
<b>Environment and Neighbourhood Services</b>			
Weston Cemetery Extension		Project is currently on hold in line with the recommendations in the Cemeteries Strategy.	
Household Waste Recycling Centre	954,653	As per the recent capital challenge meeting it was agreed to transfer to addendum until the schemes are developed.	
<b>Growth and Enterprise</b>			
North Congleton Acquisitions	1,950,858	The project is on hold and therefore agreed the budget be transferred to the Addendum.	
Investment in Heritage Assets	93,857	The project to refurbish the former Buttermarket in Macclesfield is on hold for the foreseeable future.	
<b>Highways and Infrastructure</b>			
B5077/B5078 North Junction	400,000		
A5020 Weston Gate roundabout	2,500,000		
A537 Adams Hill junction imp	300,000		
Brook St/Hollow Ln Junction	500,000	The budgets for these schemes moved to the Addendum, as the funding is not yet in place for them to start.	
Burford junction improvements	2,500,000		
Alvaston roundabout junction	1,600,000		
Peacock roundabout junction	750,000		
A34/A538 West junction	2,001,000		
<b>Total Capital Budget Transferred to the Addendum</b>	<b>13,550,368</b>		

Service / Capital Scheme	Amount Transferred Third Quarter £	Reason / Comment
<b>Capital Budgets removed from the Addendum</b>		
<b>Environment and Neighbourhood Services</b>		
Carbon off-set Investment	(575,000)	Agreed at the Carbon Programme Board that the capital requirement will be £250,000 per annum instead of £400,000 per annum.
<b>Growth and Enterprise</b>		
Modular Construction (Gawsworth)	(1,734,088)	Agreed at Capital Challenge to remove these two schemes from the Addendum
Starter Homes - Phase 1	(860,000)	
<b>Transformation Services</b>		
Information Assurance and Data Management Phase 3	(250,000)	This reduction is to align the Addendum with the revised High Level Business Case submitted in October 2020.
<b>Total Capital Budget Removed from the Addendum</b>		<b>(3,419,088)</b>
<b>Net Change to the Addendum</b>		<b>1,613,280</b>

## Annex G: Prudential Indicators revisions to: 2019/20 and 2020/21 – 2023/24, and future years

### Background

1.29 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

1.30 In 2020/21, the Council is planning capital expenditure of £136.4m as summarised below.

Capital Expenditure	2019/20	2020/21	2021/22	2022/23	Future years
	Actual	Estimate	Estimate	Estimate	years
	£m	£m	£m	£m	£m
<b>Total</b>	124.0	136.4	177.7	133.3	48.7

Source: Cheshire East Finance

### Capital Financing

1.31 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	2019/20	2020/21	2021/22	2022/23	Future years
	Actual	Estimate	Estimate	Estimate	years
	£m	£m	£m	£m	£m
Capital receipts	7.0	1.0	1.0	1.0	1.0
Government Grants	52.7	65.5	92.4	71.4	14.1
External Contributions	7.3	6.9	15.6	21.6	22.6
Revenue Contributions	0.6	0.3	0.0	0.0	0.0
<b>Total Financing</b>	<b>67.6</b>	<b>73.7</b>	<b>109.0</b>	<b>94.0</b>	<b>37.7</b>
Prudential Borrowing	56.4	62.7	68.7	39.3	11.0
<b>Total Funding</b>	<b>56.4</b>	<b>62.7</b>	<b>68.7</b>	<b>39.3</b>	<b>11.0</b>
<b>Total Financing and Funding</b>	<b>124.0</b>	<b>136.4</b>	<b>177.7</b>	<b>133.3</b>	<b>48.7</b>

Source: Cheshire East Finance

### Replacement of debt finance

1.32 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	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
<b>Total</b>	<b>9.7</b>	<b>11.1</b>	<b>13.5</b>	<b>16.1</b>	<b>18.3</b>

Source: Cheshire East Finance

### Estimates of Capital Financing Requirement

1.33 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 £41m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2022/24 Estimate £m
<b>Total</b>	<b>371</b>	<b>412</b>	<b>464</b>	<b>490</b>	<b>470</b>

Source: Cheshire East Finance

### Asset disposals

1.34 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. The Council is currently also permitted to spend capital receipts on service transformation project until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.8m of capital receipts from asset sales in the coming financial years as follows.

Capital Receipts	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Asset Sales	10.4	1.0	1.0	1.0	1.0
Loans Repaid	0.1	0.2	0.2	0.2	0.2
<b>Total</b>	<b>10.5</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

Source: Cheshire East Finance

### Gross Debt and the Capital Financing Requirement

1.35 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

0.3%) and long term fixed rate loans where the future cost is known but higher (currently 2 - 3%).

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

Gross Debt and the Capital Financing Requirement	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Borrowing	201	130	78	77	76
Finance Leases	2	1	1	1	0
PFI Liabilities	22	21	20	19	18
<b>Total Debt</b>	<b>225</b>	<b>152</b>	<b>99</b>	<b>97</b>	<b>94</b>
Capital Financing Req.	<b>371</b>	<b>412</b>	<b>464</b>	<b>490</b>	<b>470</b>

Source: Cheshire East Finance

1.37 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

1.38 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 £229m and is forecast to rise to £315m over the next four years.

<b>Borrowing and the Liability Benchmark</b>	<b>2019/20 Actual</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	£m	£m	£m	£m	£m
Outstanding Debt	201	130	78	77	76
Liability Benchmark	181	229	292	328	314

Source: Cheshire East Finance

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

### Affordable borrowing limit

1.40 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.

	<b>2019/20 limit</b>	<b>2020/21 limit</b>	<b>2021/22 limit</b>	<b>2022/23 limit</b>	<b>2023/24 limit</b>
	£m	£m	£m	£m	£m
Authorised Limit for Borrowing	359	425	475	505	490
Authorised Limit for Other Long-Term Liabilities	22	22	21	20	18
<b>Authorised Limit for External Debt</b>	<b>381</b>	<b>447</b>	<b>496</b>	<b>525</b>	<b>508</b>
Operational Boundary for Borrowing	349	415	465	495	480
Operational Boundary for Other Long-Term Liabilities	22	22	21	20	18
<b>Operational Boundary for External Debt</b>	<b>371</b>	<b>437</b>	<b>486</b>	<b>515</b>	<b>498</b>

Source: Cheshire East Finance

## Investment Strategy

- 1.41 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.
- 1.42 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.

<b>Treasury Management Investments</b>	<b>31/03/20 Actual</b>	<b>31/03/21 Estimate</b>	<b>31/03/22 Estimate</b>	<b>31/03/23 Estimate</b>	<b>31/03/24 Estimate</b>
	£m	£m	£m	£m	£m
Short term	27	0	0	0	0
Long term	20	20	20	20	20
<b>Total Investments</b>	<b>47</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>

Source: Cheshire East Finance

- 1.43 Further details on treasury investments are in pages of the Treasury Management Strategy, **Appendix 5**.
- 1.44 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

1.45 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Appendix 6**.

1.46 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.

1.47 Further details on the revenue implications of capital expenditure are on paragraphs 89-96 of the 2020-24 Medium Term Financial Strategy (**Appendix C**).

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

Ratio of Financing Costs to Net Revenue Stream	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Financing Costs (£m)	12.0	12.0	14.0	14.0	14.0
Proportion of net revenue stream %	<b>4.23</b>	<b>3.99%</b>	<b>4.66%</b>	<b>4.61%</b>	<b>4.53%</b>

Source: Cheshire East Finance

# Appendix 5

## Treasury Management Strategy

### Treasury Management Report

1. Background	- 64 -
2. External Content	- 64 -
3. Local Context	- 66 -
4. Borrowing Strategy	- 69 -
5. Investment Strategy	- 70 -
6. Treasury Management Indicators	- 73 -

#### Annexes:

A. Economic & Interest Rate Forecast	- 75 -
B. Existing Investment & Debt Portfolio Position	- 77 -

## 1. Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 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.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Report (see **Appendix 6**).

## 2. External Context

- 1.4 **Economic background:** The spread of the coronavirus pandemic dominated during the period as

countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it is back in the headlines as agreement between the UK and EU on a trade deal was looking difficult and the government came under fire, both at home and abroad, as it tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law.

- 1.5 The Bank of England maintained bank rate at 0.1% and has increased its Quantitative Easing programme to £895 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.
- 1.6 Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.
- 1.7 GDP Growth contracted by a massive 19.8% in quarter 2 2020 (Apr-Jun), pushing the annual growth rate down to -21.5%. Quarter 3 (Jul-Sep) then saw a rebound of 15.5%. The general forecast before the latest lockdown

restrictions suggested the economy may take three years to get back to pre-Covid-19 levels.

- 1.8 The headline rate of UK Consumer Price Inflation UK Consumer Price Inflation was 0.7% in October which, although slightly higher than expected, is some way below the Bank of England's 2% target.
- 1.9 In the three months to September, the unemployment rate rose probably partly delayed from the previous three months and ahead of planned changes to the furlough scheme. It was estimated that more than a quarter of the UK workforce was being supported by the furlough scheme which has now been extended.
- 1.10 The US economy contracted at an annualised rate of 0.2% in quarter 2 2020. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime. The move is to a more flexible form of average targeting which will allow the central bank to maintain interest rates at low levels for an extended period to support the economy even when inflation is 'moderately' above the 2% average target, particularly given it has been below target for most of the last decade.
- 1.11 The European Central Bank maintained its base rate at 0% and deposit rate at -0.5%.
- 1.12 **Financial Markets:** Equity markets continued their recovery, particularly in technology stocks, and have

been further boosted by news of successful vaccine trials. Central bank and governments stimulus packages continue to support asset prices but volatility remains.

- 1.13 Ultra-low interest rates and the flight to quality continued to keeping gilts yields low but volatile over the period with the yield on some short-dated government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.
- 1.14 **Credit Review:** Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander UK whose CDS spread remained elevated and the highest of those we monitor at 0.85% while Standard Chartered was the lowest at 0.41%. The ringfenced banks are currently trading between 0.45 and 0.50%.
- 1.15 After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes. Fitch assigned an AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty

list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

- 1.16 There continues to remain much uncertainty around the extent of the losses that banks and building societies will suffer due to the impact from the coronavirus pandemic and for UK institutions there is the added complication of the end of the Brexit transition period on 31 December and what a trade deal may or may not look like. A number of institutions were suspended from our counterparty lists earlier in the year and for those remaining on the list, the duration advice remains up to 35 days.

- 1.17 An outlook for the remainder of 2020/21 and interest rate forecast provided by Arlingclose is attached at **Annex A**.

### 3. Local Context

- 1.18 As at 31 October 2020 the Authority has borrowings of £154m and investments of £64m. 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**

	31/03/20 Actual £m	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
General Fund CFR	371	412	465	491	471
Less: Other long term liabilities *	(24)	(22)	(21)	(20)	(18)
<b>Loans CFR</b>	<b>347</b>	<b>390</b>	<b>444</b>	<b>471</b>	<b>453</b>
Less: External borrowing **	(201)	(130)	(78)	(77)	(76)
<b>Internal (over) borrowing</b>	<b>146</b>	<b>260</b>	<b>366</b>	<b>394</b>	<b>377</b>
Less: Usable reserves	(106)	(102)	(96)	(90)	(87)
Less: Working capital	(80)	(80)	(75)	(73)	(71)
<b>Investments (or New borrowing)</b>	<b>40</b>	<b>(78)</b>	<b>(195)</b>	<b>(231)</b>	<b>(219)</b>

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

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

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

1.20 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £100m over the forecast period.

1.21 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority

expects to comply with this recommendation during 2021/21.

1.22 **Liability Benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest

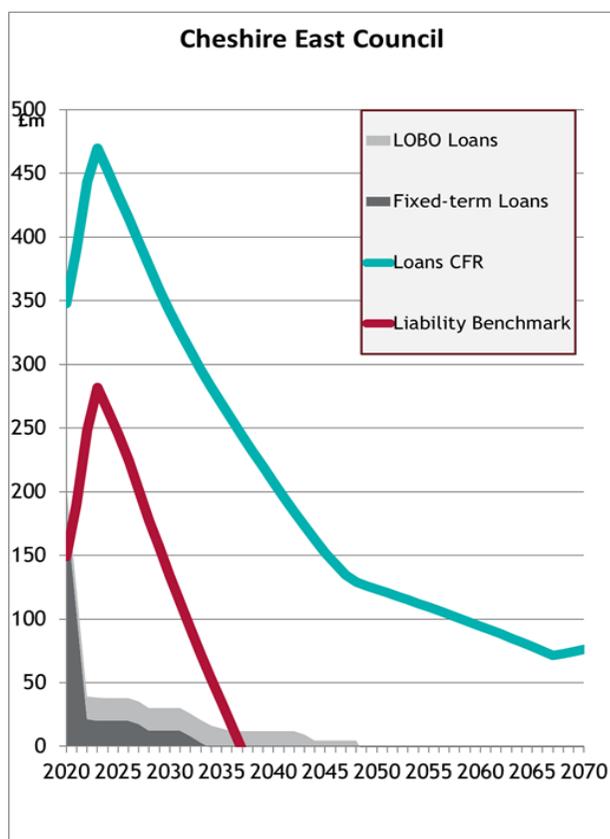
risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

**Table 2: Liability Benchmark**

	31/03/18 Actual £m	31/03/19 Actual £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
Loans CFR	347	390	444	471	453
Less: Usable reserves	(106)	(101)	(96)	(89)	(87)
Less: Working capital	(80)	(80)	(75)	(73)	(71)
Plus: Minimum investments	20	20	20	20	20
<b>Liability Benchmark</b>	<b>181</b>	<b>229</b>	<b>293</b>	<b>329</b>	<b>315</b>

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

**Chart 1: Liability Benchmark Chart**



## 4. Borrowing Strategy

1.24 The Authority currently holds loans of £154m, a decrease of £47m since 31 March 2020. This will increase to a higher level, currently forecast as £240m at 31 March 2021. PWLB debt is reducing by £3.5m this year whilst cash flow shortfalls caused by internal borrowing are being funded through cheaper short term borrowing. The amount of temporary borrowing continues to be affected by Covid-19 expenditure and grants.

1.25 At the moment this is being met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. As rates are currently low and the liquidity of short term markets at year end is very much unknown due to the financial effects of COVID-19 on local authority cashflows, new borrowings are for maturity dates extending into 2021/22. The cost (including fees) to 31 October 2020 is around 0.89% although new borrowings are now considerably less. If the predicted interest environment changes or the availability of temporary borrowing changes then this strategy will be re-assessed. A full list of current temporary borrowings is shown below in **Table 3**.

**Table 3 – Current Temporary Borrowing**

Lender	Start	Maturity	Rate %	£m
South Ayrshire	07/07/20	07/01/21	0.45	5.0
West of England CA	22/06/20	22/01/21	0.45	5.0
Devon & Somerset Fire & Rescue	03/08/20	06/04/21	0.50	5.0
London Borough of Bromley	17/09/20	06/04/21	0.45	5.0
Derbyshire Pension Fund	07/09/20	07/04/21	0.29	5.0
North & Tyne CA	08/10/20	08/04/21	0.45	5.0
London Borough of Bromley	21/09/20	12/04/21	0.42	5.0
Northern Ireland Housing Executive	04/08/20	16/04/21	0.30	10.0
Perth & Kinross	21/09/20	21/04/21	0.40	5.0
PCC Hampshire	23/10/20	23/04/21	0.25	4.0
Hampshire Fire & Rescue	23/10/20	23/04/21	0.25	1.0
Somerset	21/09/20	04/05/21	0.40	5.0
Northern Ireland Housing Executive	25/09/20	25/05/21	0.25	4.0
North Tyneside	21/09/20	21/06/21	0.45	5.0
Wokingham	11/09/19	10/09/21	0.90	5.0
<b>TOTAL</b>				<b>74.0</b>

1.26 **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 2020/21, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

## 5. Investment Strategy

1.27 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Due to the overriding need for short term borrowing, other than £20m invested strategically in managed funds, the investments are generally short term for liquidity purposes. However, receipt of Government funding due to Covid-19 measures and other schemes in advance of expenditure has led to higher balances than expected. The level at 31 October 2020 is £64m and is forecast to reduce through the remainder of 2020/21.

1.28 The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when

investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

1.29 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 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 with a limit of 50% of total investments per fund. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m. Due to their smaller size, unrated Building Societies have a limit of £1m each although none are currently being used.

1.30 Treasury Management income to 31 October 2020 is £610,000 which is higher than the budgeted £580,000. Offsetting this are increased borrowing costs (currently £10,000 higher than budget). The level of cash balances is expected to remain at around £50m until January after which they will decrease in line with normal Local Authority cash flows resulting in a continued need to borrow.

- The average daily investment balance including managed funds up to 31 October 2020 is £65.0m
- The average annualized interest rate received on in-house investments during 2020/21 is 0.26%
- The average annualized interest rate received on the externally managed funds during 2020/21 is 4.62%

1.31 The Authority's total average interest rate on all investments in 2020/21 is 1.61%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.06%, and our own performance target of 0.60% (Base Rate + 0.50%).

**Table 4 – Interest Rate Comparison**

Comparator	Average Rate to 31/10/2020
Cheshire East	1.61%
LIBID 7 Day Rate	0.06%
LIBID 3 Month Rate	0.16%
Base Rate	0.10%
Target Rate	0.60%

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

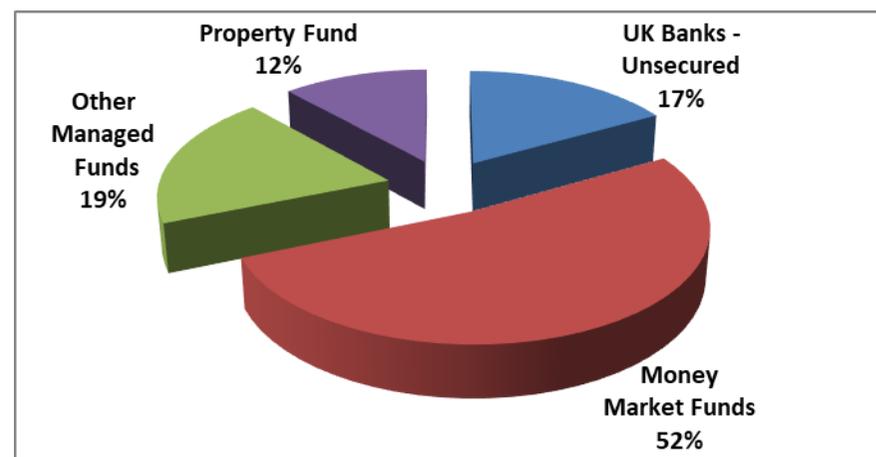
1.33 The investments are in five different funds which are all designed to give an annual income return between 4% and 5% but which have different underlying levels of volatility. By spreading investments across different types of fund, the intention is to dampen any large fluctuations in the underlying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

**Table 5 –Strategic Investments**

Fund Manager	Asset Class	Invested £m	Current Value £m
CCLA	Property	7.5	7.4
Aegon (Kames)	Multi Asset	5.0	4.6
Fidelity	Equity - Global	4.0	3.6
Schroders	Equity - UK	2.5	1.6
M & G	Bonds	1.0	1.0
<b>TOTAL</b>		<b>20.0</b>	<b>18.6</b>

1.34 The value of these investments does vary. The effects of Covid-19 on financial markets and values of underlying assets has been considerable. Fund values at 31 October 2020 are significantly lower than the amounts invested although they have improved slightly since 31 March 2020. However, they all continue to deliver high levels of income return.

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



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

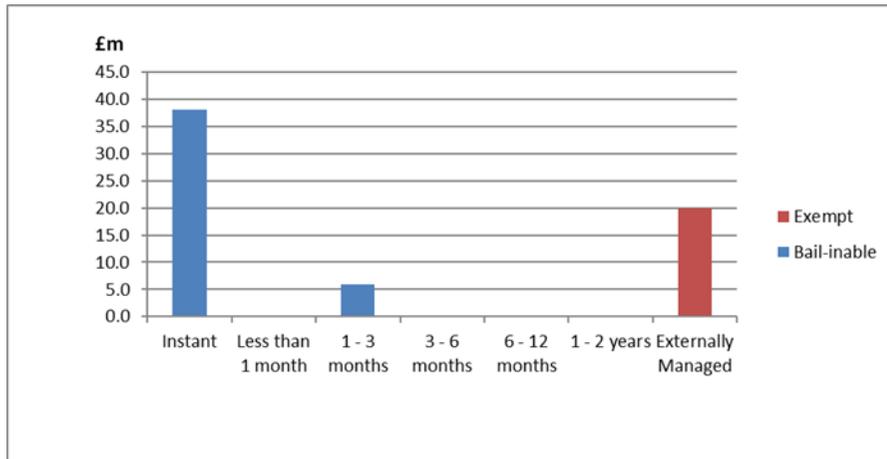
Instant Access Accounts	Average Rate %	£m
Money Market Funds	0.05	33.3
Barclays Bank	0.01	4.8

Call Accounts	Earliest Maturity	Rate %	£m
Santander – 35 day	24/12/20	0.57	6.0

Externally Managed Funds	£m
Total – see table 5	20.0

Summary of Current Investments		£m
<b>TOTAL</b>		<b>64.1</b>

**Chart 3 – Maturity Profile of Investments**



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

## 6. Treasury Management Indicators

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

1.36 **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% <u>rise</u> in interest rates	£545,000
Likely revenue impact in 2020/21 of a 1% <u>rise</u> in interest rates after 31 October 2020	£202,000

1.37 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 2020/21 so a fall in rates would lead to savings rather than incurring additional cost so a limit of £0 was set.

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

the maturity structure of borrowing and the actual maturity profiles as at 31 October 2020 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	61%
12 months and within 24 months	35%	1%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	8%
10 years and within 20 years	100%	11%
20 years and above	100%	19%

1.39 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively

high as short term funding is currently considerably cheaper than alternatives. This will be kept under review as it does increase the risk of higher financing costs in the future but may currently be limiting ability to take advantage of lower short term rates.

1.40 **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	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

## Annex A: Economic & Interest Rate Forecast – Outlook for 2020/21

The medium term global economic outlook is very weak. While the strict initial lockdown restrictions had eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis leading to a further lockdown. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in quarter 3.

However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut

to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose's central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
<b>Official Bank Rate</b>													
<b>Upside risk</b>	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
<b>Arlingclose Central Case</b>	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
<b>Downside risk</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

## Annex B: Existing Investment & Debt Portfolio Position

	31/10/20 Actual Portfolio £m	31/10/20 Average Rate for the year %
<b>External Borrowing:</b>		
PWLB – Fixed Rate	62	4.44%
Local Authorities	74	0.65%
LOBO Loans	17	4.63%
Other	1	-
<b>Total External Borrowing</b>	<b>154</b>	<b>2.60%</b>
<b>Other Long Term Liabilities:</b>		
PFI	21	-
Finance Leases	1	-
<b>Total Gross External Debt</b>	<b>176</b>	<b>-</b>
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	33	0.05%
Call Accounts	5	0.01%
Notice Accounts	6	0.57%
<i>Managed externally</i>		
Property Fund	7.5	3.56%
Multi Asset Fund	5	4.61%
Equity - Global	4	5.02%
Equity - UK	2.5	7.43%
Bonds	1	3.96%
<b>Total Investments</b>	<b>64</b>	<b>1.52%</b>
<b>Net Debt</b>	<b>112</b>	<b>-</b>

# Appendix 6

## Investment Strategy

### 1. Purpose

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

focuses on the second and third of the investment categories.

### 2. Treasury Management Investments

- 1.5 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £20m and £148m during the 2020/21 financial year.
- 1.6 Full details of the Authority's policies and plans for 2020/21 for treasury management investments are covered the Treasury Management Strategy (**Appendix 5**).

### 3. Service Investments: Loans

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

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

Category of borrower	31/03/20	As at 31/10/20			2020/21
	Actual	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	24	24	1	23	500
Local businesses	5,087	5,412	61	5,351	30,000
Local charities	601	601	44	557	2,500
<b>TOTAL</b>	<b>5,712</b>	<b>6,037</b>	<b>106</b>	<b>5,931</b>	<b>35,000</b>

1.8 Loans have been provided to Everybody Sport & Recreation Trust (ESAR) for the purpose of investing in new equipment, with the aim of increasing the usage and improving the health of residents.

1.9 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. In order to retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and loans. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.

1.10 In addition, the Council has committed to investing £5m (and lent £3.9m as at 31 October 2020) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners

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

1.11 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. It should be noted that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallize when funds are extracted.

1.12 Only the ESAR loans are interest bearing and are reflected in the “Local Charities” category. These are paid at a rate of Bank of England base rate plus 4%. In 2020-21 this was expected to generate interest of £24,000 at a return of 4.27% pre Covid-19.

1.13 The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Instead the allowance represents a prudent accounting treatment required by CIPFA guidance. The figures for loans in the Authority’s statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

1.14 The GM Life Science Fund is however “revalued” on an annual basis based upon the net asset valuation of the Fund

and this largely accounts for the notional negative return of the loan category in 2019/20. This has recovered in 2020/21.

## 4. Service Investments: Shares

1.15 The Authority has invested in Alderley Park Holdings Limited in order to maintain and stimulate the key strategic industry of life sciences within the Borough. Cheshire East is a 10% shareholder in Alderley Park, and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (MSP; 39% shareholder).

1.16 This should be seen as a long-term strategic investment. Although the internal valuation of our stake has fallen (i.e. reduction in net asset value) this year and last, due in large part to the general fall in value of property based companies, the following observations should be noted:

1.17 The valuation is still greater than the purchase prices and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place.

1.18 The reduction in value largely arise from accounting transactions. 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 recover.

1.19 The Council also has shares in its subsidiary, wholly owned companies. However they are of nominal value, and consequently whilst the turnover of the group of companies

is significant (£60m in aggregate) the share values are not considered material in the context of this Investment Strategy.

1.20 Upper limits on the sum invested in each category of shares have been set as follows:

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

Category of company	31.3. 2020 actual	As at 31/10/2020			2020/21
		Amounts invested	Gains or losses	Value in accounts	Approved Limit (cost of investment)
Local Businesses	3,110	1,070	2,040	3,110	10,000
<b>TOTAL</b>	<b>3,110</b>	<b>1,070</b>	<b>2,040</b>	<b>3,110</b>	<b>10,000</b>

Page 112

## 5. Commercial Investments: Property

1.21 For the purpose of this paper it should be noted that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit. In order to comply with this the Authority is having to include several assets in **Table 3** that might otherwise be excluded as they are not being held to primarily generate a yield or return.

1.22 Central government continues to express concern over the level of commercial investments held by Local Authorities and the risk that this presents to residents in the event that an Authority becomes over exposed.

1.23 In the most recent spending review the Chancellor of the Exchequer has effectively prohibited the future purchase of commercial assets primarily for generating a yield. This is a significant move which may impact the Authority's future plans. Careful attention will need to ensure that yield is an incidental factor in any future decision to invest in a commercial property investment.

1.24 As part of this monitoring Authorities will be required to submit a capital financing and spending plan covering three years. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) will not advance any lending to the Authority.

1.25 Historically, the most significant commercial investment acquired by the Authority is land and buildings on the North and East side of Weston Road in Crewe purchased in April 2019. This accounts for 90% of the value in the accounts at 31 March 2020.

1.26 For the purpose of this report we have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the valuation at 2009/10. This is to allow for a simple calculation of yield.

1.27 The value of properties is updated annually. The most recent valuation is from March 2020. It is possible that Covid has impacted some valuations but we will not have an assessment of this until the end of the financial year.

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

Property	Actual	31/03/20 actual		31/03/21 expected		2020/21 Approval Limit
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts	
Industrial Units	1,492	522	1,965	0	1,965	
Enterprise Centres	245	(947)	350	0	350	
Retail	23,300	(500)	24,870	0	24,870	
Residential	110	(435)	240	0	240	
<b>Total</b>	<b>25,147</b>	<b>(1,360)</b>	<b>27,425</b>	<b>0</b>	<b>27,425</b>	<b>100,000</b>

## 6. Commercial Investments: Loans

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

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

1.29 The Council has approved entering into a £10m loan agreement with Cheshire & Warrington Local Enterprise Partnership linked to developments within the Business Rates Enterprise Zone. The intention is to stimulate economic development and achieve payback from retained business rates.

1.30 The first loans in respect of Alderley Park Glasshouse and Blocks 22-24 are due to be made in December 2020. Together they total £8m and will begin to generate a return in the form of interest in the next financial year.

Category of borrower	2020/21
	Approved Limit £000
Partner Organisations	20,000

## 7. Loan Commitments and Financial Guarantees

1.31 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council acts as Entrusted Entity to a £20m European Regional Development Fund (ERDF) supported Urban Development Fund which is about to commence. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.

1.32 The fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. As such the balances are not included in the investment tables above. The workings of the fund are subject to detailed scrutiny and will be 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.

1.33 The fund is in the process of making its first investment.

## 8. Proportionality

1.34 The Authority is only partially dependent on profit generating investment activity to achieve a balanced revenue budget, in respect of Place services. **Table 4** below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, with the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

**Table 4: Proportionality of Investments in £'000**

	2018/19 Actual	2019/20 Actual	2020/21 Budget	2021/22 Budget	2022/23 Budget
Gross service expenditure - Directorate Level	77,367	73,137	74,082	73,809	75,542
Investment income	(2,298)	(1,785)	(1,038)	(1,698)	(1,698)
Proportion	3%	2.5%	1.4%	2%	2%

*NB: The proportion is the investment income divided by the gross service expenditure*

## 9. Borrowing in Advance of Need

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

## 10. Capacity, Skills and Culture

- 1.37 The Authority has established an Investment Strategy Board comprised of members, supported by officers and where necessary, external advisors, and acts on recommendations from officers that consider opportunities to enhance the Revenue & Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.
- 1.38 The Board is made up of the following individuals:
- The Leader of the Council (Chair)
  - Deputy Leader of the Council
  - Portfolio Holder for Finance, ICT & Communication
  - Portfolio Holder for Environment & Regeneration
- 1.39 Support is provided by:
- Executive Director Place
  - S151 Officer

- Monitoring Officer

## 11. Investment Indicators

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

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

Total investment exposure	31/10/20 Actual	31/03/21 Forecast	31/03/22 Forecast
Treasury management investments	51,100	20,000	20,000
Service investments: Loans	6,037	5,936	5,802
Service investments: Shares	3,110	3,110	3,110
Commercial investments: Property	27,425	27,425	57,425
Commercial Investments: Loans	0	10,000	20,000
<b>TOTAL INVESTMENTS</b>	<b>87,672</b>	<b>66,471</b>	<b>106,337</b>
Commitments to lend	1,159	1,159	1,159
<b>TOTAL EXPOSURE</b>	<b>88,831</b>	<b>67,630</b>	<b>107,496</b>

- 1.42 **How investments are funded:** Currently the Authority's investments are funded by usable reserves and income received in advance of expenditure.
- 1.43 However in 2020/21 there is a possibility if the Authority decides to increase its investments in commercial properties and loans that they may require funding from borrowing.

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

Investments funded by borrowing	31/03/19 Actual	31/03/20 Actual	31/03/21 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	10,000
Service investments: Shares	0	0	0
Commercial investments: Property	28,785	27,425	100,000
Commercial Investments : Loans	0	0	20,000
<b>TOTAL FUNDED BY BORROWING</b>	<b>28,785</b>	<b>27,425</b>	<b>130,000</b>

- 1.44 **Rate of return received:** In part, this indicator shows for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.
- 1.45 The return for the Service Investments: Loans and Shares is not a true realised return but is instead the % fluctuation in the underlying value of the new assets within the Life Science Fund and Alderley Park Holdings Limited. As such they do not reflect actual cashflows.

- 1.46 We do not yet have updated accounts for Alderley Park Holdings to allow for an accurate calculation of the forecast rate of return for shares in 2020/21. Thus it is shown at zero as the value has not fluctuated from the last known actual. It is hoped that accounts will be available for the annual Investment Strategy as included with the MTFs.
- 1.47 The major assets included within Commercial Investments: Properties, representing over 90% of the value, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on ‘bricks and mortar retail’, the Council will only experience an impact on its Revenue Account if a tenant goes into liquidation or is subject to a (lower) rent review.
- 1.48 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both of these have thus far weathered the local economic effects of the Covid-19 pandemic though we might expect further reductions in asset value in this financial year.
- 1.49 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. The change in reported return from 2019/20 is due in part to fully accounting for revenue financing costs on the primary asset. This has reduced the reported net income figure used for the returns calculation. There are also some adjustments for rents factored in as a result of Covid-19. The hope is that these will be a one off adjustment and returns will recover next year.

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

<b>Investments net rate of return</b>	<b>2019/20 Actual</b>	<b>2020/21 Actual</b>	<b>2021/22 Forecast</b>
Treasury management investments	2.12%	1.61%	2.00%
Service investments: Loans	-12.59%	11.67%	0.35%
Service investments: Shares	-26.25%	0.00%	0.00%
Commercial investments: Property	6.66%	4.13%	6.66%

# Appendix 7

## Reserves Strategy

### Management of Council Reserves

1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
2. The opening balance at 1 April 2020 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2019/20.
3. The updated Risk Assessment for 2020/21 provides for the Minimum Level to be set at £10.3m. This is considered a relatively prudent overall target for reserves at 3.4% of the net budget.
4. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31 March 2020 balances on these reserves stood at £40.9m, excluding balances held by Schools.
5. During 2020/21, a number of reserves will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding.
6. The Collection Fund reserve includes a S31 grant of £30m received from MHCLG to fund the Council's 49% share of the Extended Retail Relief as a result of Covid-19. This has been received in 2020/21 and will be used to repay the resulting deficit in the business rates collection fund that is due to be paid back in 2021/22 as a result of the relief being granted.
7. As part of the management of the outturn for 2020/21, and the Medium Term Financial Strategy 2021 to 2025, the Council aims to defer costs related to the Capital Programme and income losses in the Collection Fund in order fully protect the Council's General Reserves in 2020/21. Any variation to this position will be managed through the Council's Covid-19 Earmarked Reserve, which was created in March 2020 to receive non-ringfenced grants related to the pandemic.
8. The third quarter position, excluding Covid-19, presents a balanced position (to within budget by 0.5%). Any variation to this position at year-end will be managed through the Council's Medium Term Financial Strategy Earmarked Reserve.
9. **Table 1** shows the forecast total reserves at the end of March 2020/21. Overall the Council remains in a strong financial position given the major challenges across the public sector.

**Table 1 – Reserves Position**

	£m
General Reserve	10.3
Earmarked Reserves (excluding Schools)	67.2
<b>Total Reserves Balance at 31 March 2021</b>	<b>77.5</b>

10. Details of individual reserves are shown in **Table 2** below.

**Table 2 – Earmarked Reserves Position**

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
<b>People</b>				
<b>Adults, Public Health and Communities</b>				
PFI Equalisation - Extra Care Housing	2,504	114	2,618	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Public Health	978	859	1,837	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.
Public Health (DHSC ring-fenced Covid grant)	0	5,038	5,038	Ring-fenced against covid activities - DHSC funding for Test & Trace + Contain Outbreak Management Fund.
NHB Community Fund	132	(132)	0	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects
<b>Children's Services</b>				
Domestic Abuse Partnership	70	(20)	50	To sustain preventative services to vulnerable people as a result of partnership funding.
SALT and OT	63	(63)	0	To support the additional investment into Speech and Language Therapy (SALT) and Occupational Therapy (OT). Reserve to be fully utilised in 20/21 - risk of shortfall in future years.

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
<b>Place</b>				
Investment (Sustainability)	682	(561)	121	To support investment that can increase longer term financial independence and stability of the Council.
Tree / Structure Risk Management	0	400	400	New reserve to respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
<b>Environment and Neighbourhood Services</b>				
Trading Standards and Regulations	36	(36)	(0)	Ongoing Trading Standards prosecution case on product safety.
Air Quality	39	(39)	(0)	Air Quality Management - DEFRA Action Plan.
Strategic Planning	638	(160)	478	To meet costs associated with the Local Plan - site allocations and minerals and waste DPD
Licensing Enforcement	15	(15)	0	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
<b>Highways and Infrastructure</b>				
Parking - Pay and Display Machines & Parking Studies	178	(178)	0	Purchase of Pay and Display machines and town centre parking studies.
Highways Procurement	193	(193)	0	To finance the development of the next Highway Service Contract.
Well Managed Highway Infrastructure Delay	230	(230)	0	Due to the call in of WMHI, the savings proposed relating to winter service cannot be realised and the forecast service costs have increased by £230,000.
Flood Recovery Works	400	(400)	0	27 locations identified for repair works as a result of the 2019 flood events. There are also a further 16 which require investigation to ascertain the scope of the works required.
HS2	303	(303)	0	To support the Council's ongoing programme in relation to Government's HS2 investment across the borough and Transport for the North's Northern Powerhouse Rail Business Case.
<b>Growth and Enterprise</b>				
Royal Arcade Crewe	99	(99)	0	To cover remaining costs relating to the Royal Arcade until demolition.
Legal Proceedings on land and property matters	72	(72)	(0)	To enable legal proceedings on land and property matters.
Housing - Choice Based Lettings	71	(71)	(0)	Housing partner contributions to support the administration of the choice based lettings scheme.
Homelessness & Housing Options	54	(54)	(0)	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Investment Portfolio	558	(340)	218	To support the Council's Investment Acquisition Strategy.

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
<b>Corporate</b>				
<b>Governance and Compliance Services</b>				
Elections	27	96	123	To provide funds for Election costs every 4 years.
<b>Finance and Customer Services</b>				
Insurance (Cheshire East & Cheshire County Funds)	3,889	1,213	5,102	To settle insurance claims and manage excess costs.
Collection Fund Management	6,828	32,724	39,552	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	9,080	(1,652)	7,428	To provide for financing of capital schemes, other projects and initiatives.
New Homes Bonus Community Fund	140	0	140	To support Central Government's New Homes Bonus guidance for community projects, to be allocated in accordance with local priorities.
MTFS Reserve	3,439	(174)	3,265	To support the financial strategy and risk management.
<b>Transformation</b>				
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	450	(54)	396	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Brighter Future Transformation Programme	910	(172)	738	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
<b>Cross Service</b>				
Covid (unringfenced)	8,098	(2,969)	5,129	Covid (Unringfenced) reserve carried forward into 2021/22
Revenue Grants - Other	3,262	(1,122)	2,140	Unspent specific use grant carried forward into 2021/22.
Revenue Grants - Dedicated Schools Grant	(2,560)	(5,017)	(7,577)	Overspend on reserve - see below for full details
<b>TOTAL</b>	<b>40,878</b>	<b>26,318</b>	<b>67,196</b>	

**Notes:**

1. Figures exclude Schools balances.

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**COUNCIL MEETING – 17<sup>TH</sup> FEBRUARY 2021****CORPORATE PLAN AND MEDIUM-TERM FINANCIAL STRATEGY 2021-25****RECOMMENDATION**

**That Council approve the items at Appendix A to the report.**

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Extract from the Minutes of the Cabinet meeting on 2<sup>nd</sup> February 2021

**80 CORPORATE PLAN AND MEDIUM-TERM FINANCIAL STRATEGY 2021-25**

Cabinet considered a report on the Corporate Plan and Medium-Term Financial Strategy 2021-25.

The Leader commented that for the first time, the Council would have both a four-year Corporate Plan and a four-year budget to take it to 2025, which would be a significant achievement, given the unprecedented circumstances the Council was facing.

The resolutions that Cabinet was requested to recommend to Council were set out at Appendix A to the report. The new Corporate Plan 2021/22 to 2024/25 was set out in Appendix B. The Medium Term Financial Strategy (MTFS) Report (containing the Budget) for the period 2021-25 was set out at Appendix C.

The report had been considered by the Corporate Overview and Scrutiny Committee at its meeting on 28<sup>th</sup> January 2021. Councillor J Clowes, Chairman of the Corporate Overview and Scrutiny Committee, presented the Committee's comments on the report to Cabinet and asked that they be appended to the Cabinet minutes.

**RESOLVED**

That Cabinet

1. recommends to Council the items at Appendix A to the report;
2. notes the summary results of the Budget Consultation and Engagement exercise undertaken by the Council, as set out in the attached (Appendix C, Annex 2a and 2b);
3. notes the 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 C, Comment from the Section 151 Officer); and

4. notes that the Council's Finance Procedure Rules will always apply to ensure proper approval, should any changes in spending requirements be identified (Appendix C).

## **Corporate Overview and Scrutiny Committee, 28 January 2021**

At its meeting on 28 January 2021, the Corporate Overview and Scrutiny Committee considered the final version of the Medium Term Financial Strategy (MTFS) 2021-2025.

As the 'parent' overview and scrutiny committee with overarching responsibility for budget scrutiny, the Corporate Overview and Scrutiny Committee took on board the feedback/concerns/comments raised by the other three overview and scrutiny committees during their respective sessions of scrutiny on the Pre-Budget Consultation 2021/22 document.

These comments and feedback were separately recorded after each overview and scrutiny committee meeting and, following the publication of the final MTFS documentation, have been updated in light of the changes that had been made to the proposed budget compared to that within the Pre-Budget Consultation 2021/22.

The Third Quarter Review (Finance) 2020/21 was also considered and comments were made for consideration by the Cabinet, also on 2 February 2021.

### **Third Quarter Review (Finance) 2020/21**

The committee raised the following points during its consideration of this report:

- Concern regarding the underspend of £600k in Early Help, due to the council holding vacancies, and whether this correlated to the ~10% rise in the rate of cared for children in the borough, and/or the ~40% rise in the rate of young people referred to Early Help.
- Concern about the overall spend of the Best4Business Programme, in light of the reporting of an additional £200k contribution to an overall £2.3 million one-off spend on the project.
- There was agreement that it would be pertinent and beneficial for the council to undertake a detailed review of the Best4Business Programme project to obtain lessons learned. Officers confirmed this had already been agreed.
- How flexible the council would be when managing its Council Tax Support Scheme in respect of the support provided to residents who continued to struggle due to the impacts of the Covid-19 pandemic. The committee felt that it would be appropriate for Cabinet to consider a review of the current Council Tax Support Scheme.
- Whether a decision had been taken to maintain the current underspend within Highways/Car Parking services (due to held vacancies) by not filling the vacancies.

Assurance was provided by officers during the meeting that there was a relatively high turnover rate within these areas of employment and that this

was the reason for the reported vacancies. It was made clear that the council planned to fill these vacancies.

### **Medium Term Financial Strategy 2021 to 2025**

#### **Corporate Plan 2021-2025**

The committee first of all considered the proposed Corporate Plan 2021-2025. Comments made in respect of the plan included that;

- it was a highly ambitious plan that had been well put together;
- it brought the council more in-line with what it should be – a public-focused and public-serving organisation, rather than a business operation; and
- it was positive to see such ambitious ‘green’ targets within the plan and hope that these would be achieved.

The low response rate to the public consultation was noted, response rates to previous similar strategy documents were considered and how effective engagement methods may be further developed in the future.

Members noted some of the negative feedback that had been received during the consultation in respect of the council’s carbon neutral aspirations, and agreed that this reflected that the council had to continue its efforts to raise the public awareness of the need to, and benefits of, working towards carbon neutrality and its ‘green’ ambitions.

Overall, members welcomed the ambition in the Corporate Plan and the clear articulation of priorities.

#### **Medium Term Financial Strategy 2021-2025**

Following an introduction to the report by the Director of Finance and Customer Services (s151 Officer) members put comments and asked questions in relation to;

- how important it was that the council received the additional £6.9 million of ringfenced funding for adult social care services through increasing the 2021/22 council tax precept;
- the decision by central government to allocate £0.4m Social Care Grant to this Council. (Previous allocations had resulted in pre-budget assumptions of approximately £1.2 – 1.4m);
- If Full Council resolved to raise its 2021/22 council tax precept by 4.99% (of which the 3% adult social care precept equates to £6.9 million in ringfenced funding for social care), this would have financial implications for residents;
- what the estimated percentage of the council’s spending related to Covid-19 had been funded/covered by central government grants (reported as ~97%); and

- that there could have been greater or more detailed reference to 'invest-to-save' strategies through the council's Capital Strategy.

The committee then considered in detail the changes that had been made during the Pre-Budget Consultation 2021/22 period, and made the following comments and questions:

- What the budgetary change meant for the item 'Review Staff Terms and Conditions' (Ref no. 14, p25, MTFS Appendix C) and what this review would consist of. It was clarified at the meeting that the proposal had been re-profiled and would be discussed with the trade unions.
- Whether the council had managed to undertake an evaluation of the impacts of 'Continuing Healthcare Reviews (Ref no. 9, p24, MTFS Appendix C) and if this had been incorporated into the final MTFS document.
- Why 'Urban Grass Cutting' (Ref no. 23, p26, MTFS Appendix C) had been reduced and whether this service covered the grass maintenance of parks and open spaces.

It was clarified within the meeting that this service was solely for highway verges in urban areas and that the reduction in funding reflected a reduction in the total number of cuts from 13 to 10 during the coming year.

- What had led to the decision to change the budget in relation to 'Reduction in cost of external placements for cared for children' (Ref no. 75, p30, MTFS Appendix C) over the coming four financial years, what kind of work was expected to be undertaken through this, and whether the council hoped to be able to bring more of its cared for children back into the borough as a result of this.

A response to these questions was provided by Councillor Flavell, Portfolio Holder for Children and Families.

- Why the new item 'Transport Management fee savings will not be delivered due to Covid-19 placing additional pressure on transport to school' (p31, MTFS Appendix C) had not been declared as Covid-19 related spending.

On the section of the report containing the main budgetary proposals, the following comments and questions were raised:

- Whether officers were confident that the £500k saving within Proposal No. 64 'Mental Health Services Review [Revised]' (p70, MTFS Appendix C) could be achieved without impacting the council's ability to provide the necessary mental health support for people during, and following, the Covid-19 pandemic.

A response was provided by the Portfolio Holder for Public Health and Corporate Services that the Cheshire NHS Clinical Commissioning Group,

Public Health and Adults Services all funded mental health services that the review would look at how this could be delivered.

- Concern regarding the implications to service delivery in respect of Proposal No. 73 'Learning Disabilities Future Service Development and Review [Revised]' (p74, MTFS Appendix C).
- What the long term plan was for providing the Family Information Service, if through Proposal No. 66 'Reduced capacity in Family Information Service' (p71, MTFS Appendix C), staffing reductions were expected to be made to Business Support Assistants and Family Service Workers.

**The Corporate Overview and Scrutiny Committee concluded its deliberation of the Medium Term Financial Strategy 2021-2025 by agreeing to note the recommendations being put forward to Cabinet, and that its comments and feedback would be passed on to Cabinet in advance of its meeting on 2 February 2021.**

## Children and Families Overview and Scrutiny Committee, 25 January 2021

The committee made no formal recommendations with regard to the pre-consultation budget / MTFs proposals, but asked questions and put comments in relation to:

- The proposals on Children's Centres – noting that Children's Centres are key in areas of the borough where demand on services is greatest, and to support service delivery in more rural areas – and would want to understand more how a proposed income of £10k from the hire of Children's Centres could be met, particularly in the current situation regarding the Covid-19 pandemic.
- 'Prevention and Early Help Service – Reduction of frontline workers in Prevention' and considerable concern that this does not marry up with the recent 30% rise in referrals to Children's Services. Members raised further concern that this savings proposal more than doubled in the following year 2022/23 and what overall impact will be of this £953k saving.

In response, it was noted that considerable work had been undertaken to review where within the Children's Services directorate the most effective, appropriate savings could be made, and that any saving brings a risk.

- 'Prevention and Early Help Service – Locality working and changes to the management structure of the Family Service' and the fact that when the council has Children's Services that per Ofsted, 'Requires Improvement', will using greater numbers of volunteers to address this help the service to improve as it needs to.
- 'Fund the Cygnet programme for cared for children from pupil premium' and what impact this would have on the council's overall Dedicated Schools Grant for its schools.

Officers informed members that it had no impact on the Dedicated Schools Grant.

- 'Reduced capacity in Family Information Service' and concern that those households without access to broadband or other IT equipment, would not be adequately communicated with by the council following reductions to the Family Information Service.
- 'Review of the use of the Cheshire East Lifelong Learning Service' and what the exact underspend within the service had been during 2020/21, and concern that one of the council's high performing services will be impacted by less funding and resources.

Officers responded to members' queries and advised that there was no impact on the service as the savings were linked to the underspend.

- 'Reduction in cost of external placements for cared for children' and concern that the high sums proposed to be saved over the coming three financial years through 2023/24 are an unrealistic target, as the council has not been able to achieve such savings in these areas in previous years.

Members noted that within the Pre-Budget Consultation documents, the total savings regarding children's safeguarding totalled nearly £1.5 million, which was of concern particularly in light of the known increase in safeguarding issues, mental health and domestic abuse associated with the restrictions and lockdowns put in place since the beginning of the Covid-19 pandemic. The committee raised concern that reductions to these services would disadvantage the council's long-term response to the wider mental health and wellbeing impacts on children and young people from the pandemic.

## Environment & Regeneration Overview and Scrutiny Committee, 18 January 2021

On consideration of the pre-consultation budget / MTFs proposals, the committee asked questions, put comments and recommended that:

- In respect of the boroughwide consultations on the Local Transport Plan and Parking Strategy, that the consultation timeframe be extended to take into account the difficulties people without access to the internet may have experienced trying to access services such as libraries which are closed as part of the national lockdown guidance relating to the Covid-19 pandemic.
- It was noted that the budget proposals came with an attached caveat that:

*Proposals marked RED / AMBER had been identified as those only being considered for consultation and any subsequent implementation if the Local Government Funding Settlement does not sufficiently increase the funding to Cheshire East Council. RED items would be removed first where possible.*

The Committee agreed that for items relating to the Environment and Regeneration budget, the items marked in red and amber could represent £770+k of savings. Recommendation from the Committee was to retain those savings regardless of the outcome of the Local Government Funding Settlement.

- The Committee proposed that a plan for rural grass cutting could be developed as there was some reported road safety issues reported in certain parts of the borough. Members were keen to note from Officers when rural grass was planned to be cut and/or sprayed and also the issue of Pavements siding out' was raised, especially on major A roads where people can't walk down.

**Health and Adult Social Care and Communities Overview and Scrutiny Committee, 14 January 2021**

On consideration of the pre-consultation budget / MTFs proposals, the committee asked questions, put comments and recommended that:

- In relation to 'Continuing Healthcare Reviews', it was noted that some of the care packages can be very costly and therefore, was £1 million the minimum amount that the council expected to get.

In addition, members asked how much money the council had tied up in healthcare packages, and what amount the council could receive back from the NHS?

- In relation to 'Productivity and Efficiency in Adult Social Care', concern was raised that savings would be made through cuts to staffing, which would lead to even greater pressures on other council staff and also NHS staff who may also have to pick up additional work.
- In relation to 'Learning Disabilities Future Service Development and Review', concern was raised that monies would be taken away from services that support those with learning disabilities.

Officers advised that the proposal was not about cuts to services but instead about better managing the funds available.

- The committee noted the significant need within the adult social care sector for additional funding, and of the need for councils and other bodies to lobby Government to finalise and publish its Green Paper on Adult Social Care.
- The committee also noted that, due to the council's significant older population it may be more greatly disadvantaged by the growing demand and costs of adult social care services, and that any future governmental reviews of funding should try and take this into account when deciding on the allocation of funds.

## **Corporate Overview and Scrutiny Committee, 7 January 2021**

On consideration of the pre-consultation budget / MTFS proposals, the committee made no formal recommendations, but asked questions and put comments in relation to:

- Whether the council's elected members would be informed of the memberships and subscriptions which were proposed to be withdrawn from.

It was agreed that these details would be circulated to committee members for information.

- The impacts of the national public sector pay pause for 2021/22 and whether local negotiations would take place on this.

It was noted that following the Chancellor's announcements, national negotiations were expected to take place for Local Government and that the potential pay pause would not impact NHS staff or the lowest paid.

- The improved debt recovery savings proposals, which had raised concerns regarding the impact that these new measures might have on businesses and residents that have already been greatly impacted financially by the pandemic.

It was highlighted that the proposals involved being more efficient, collecting money upfront and having better processes in place for debt recovery, which would hopefully prevent residents accruing additional late payment charges.

- The proposed restructure/efficiency savings, which raised concerns about the impacts that this would have on the already-stretched capacity of staff, as well as on teams to continue to deliver effective services, mentioning specifically the legal support for the council's enforcement activity as an area of concern.

It was highlighted that there are a number of ways costs can be reduced, for example, the number of agency staff and ongoing restructures within the Corporate Services directorate and aimed to ensure that the council had the right people in the right place to deliver what it needed to. The Director of Governance and Compliance agreed to report back to the committee on how the specific concerns raised regarding legal services and enforcement were being addressed.

- The council's spend on ICT which, whilst essential (especially in light of the remote working implications of the Covid-19 pandemic), was thought to be high by some members and that it was not clear whether the council had achieved value for money.

It was agreed that, in response to the concern raised by the committee, an item would be added to its work programme to review the council's ICT spend and whether the council had achieved cost per person value for money.



*Working for a brighter future together*

## Council

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**Date of Meeting:** 17 February 2021

**Report Title:** Council Tax 2021/22 – Statutory Resolution

**Portfolio Holder:** Cllr Amanda Stott – Finance, ICT and Communication

**Senior Officer:** Alex Thompson – Director of Finance and Customer Services  
(Section 151 Officer)

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### 1. Report Summary

1.1. Cheshire East Council, as a billing authority, is responsible for the billing and collection of Council Tax due from local taxpayers and must therefore make a resolution to set the overall Council Tax level. This means that the Authority also collects Council Tax income to cover not only its own services but also precepts set by other authorities.

1.2. The Council Tax levied is therefore made up of four elements:

- Cheshire East Borough Council element
- Town & Parish Council precepts
- Police & Crime Commissioner for Cheshire precept
- Cheshire Fire Authority precept

### 2. Recommendation/s

2.1. To set the Council Tax for Cheshire East Council for the financial year 2021/22, at £1,579.03, in accordance with the formal resolutions as shown in Section 13 of the report.

### 3. Reasons for Recommendation/s

3.1. In accordance with the Local Government Finance Act 1992 as amended by the Localism Act 2011 the Council is required to set the amounts of the Council Tax for 2021/22 for each of the categories of dwelling in the Council Tax area. This requirement is achieved by approving the statutory resolution shown in this report.

#### 4. Other Options Considered

4.1. The recommendation in this report reflect the results of a comprehensive consultation process, but no further options are being considered as part of this report.

#### 5. Background

5.1. The Council Tax levied is made up of four elements as follows:

- the Council Tax Base for 2021/22 - **Appendix A**.
- the statutory calculation required to arrive at the amount of Council Tax for each area in respect of Borough Council, Town and Parish Council requirements - **Appendices B and C**.
- the precepts issued by Police & Crime Commissioner for Cheshire and Cheshire Fire Authority under Section 40 of the Act – Sections 10 and 11 of the report.
- the statutory calculation of the aggregate of the Borough Council, Parish Councils, Police & Crime Commissioner and Cheshire Fire Authority amount of Council Tax for each of the categories of the dwelling for each Council Tax area - **Appendix D**.

#### 6. Council Tax Base

6.1. The Council Tax base was agreed at the Cheshire East Council meeting of [16th December 2020](#) as 153,796.10 for the year 2021/22. A breakdown of the calculation by Parish is attached at **Appendix A**.

#### 7. General Fund Budget

7.1. On 2<sup>nd</sup> February 2021 [Cabinet](#) recommended a General Fund Budget of £311,098,833. The calculation reflects the detailed Medium Term Financial Strategy prepared by Cabinet and uses estimated values in relation to the treatment of late funding announcements.

#### 8. Cheshire East Borough Council Tax

8.1. The Council Tax Requirement for the Borough Council is £242,848,656.

8.2. The Band D Council Tax is therefore £1,579.03 (the requirement of £242,848,656 divided by the tax base of 153,796.10).

8.3. Growth in the local taxbase supports the ambition in the Corporate Plan of creating economic independence from government grant. In 2021/22, there continues to be no general government grant support to the revenue budget of Cheshire East Council. When increases in demand related to

protecting vulnerable people and inflation in costs are taken into account, then this creates a requirement to continue to increase Council Tax levels in line with government expectations

**8.4.** The ability to raise additional Council Tax for use solely on Adult Social Care (ASC) was accepted in each of the years 2017/18 (3%), 2018/19 (3%), and 2020/21 (2%). The Provisional Finance Settlement in December 2020 confirmed a further 3% ASC precept could be levied in 2021/22 to help alleviate the continuing growth pressure.

**8.5.** The provisional local government finance settlement also announced the referendum limit on base increases was to be maintained at 2%, as such, it is proposed that Council Tax is increased by 4.99% (including 3% ringfenced for Adult Social Care pressures) for 2021/22 to give a Band D charge of £1,579.03 for 2021/22.

## 9. Parish Council Precepts

**9.1.** Each Parish Council has notified the Council with its precept requirement for the year. The total amount of these special items is £9,090,523 which produces an average Band D Council Tax of £59.11.

## 10. Police & Crime Commissioner Precept for Cheshire

**10.1.** The precept demand issued by Police & Crime Commissioner is £34,671,793 which produces a Band D Council Tax of £225.44. This represents a 7.1% (£15) increase on the 2020/21 Band D Council Tax level. The Police & Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
150.29	175.34	200.39	225.44	275.54	325.64	375.73	450.88

## 11. Fire Authority Precept (provisional increase)

**11.1.** The precept demand issued by Cheshire Fire Authority is £12,437,491 which produces a Band D Council Tax of £80.87. This represents a 1.99% increase on the 2020/21 Band D Council tax level. Cheshire Fire Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
53.91	62.90	71.88	80.87	98.84	116.81	134.78	161.74

## 12. Total Council Tax

12.1. The average Council Tax to be charged to taxpayers in Band D can be summarised as follows:

Element	Charge
	£
Cheshire East Borough Council	1,579.03
Average for Parish Councils	59.11
<b>Average Local Council Tax</b>	<b>1,638.14</b>
Police & Crime Commissioner	225.44
Cheshire Fire Authority	<b>80.87</b>
<b>Total Council Tax</b>	<b>1,944.45</b>

## 13. Formal Resolution

13.1. That it be noted that on 16<sup>th</sup> December 2020 the Council calculated the Council Tax base 2021/22.

- (a) for the whole Council area as 153,796.10 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")).
- (b) for individual parishes, as in **Appendix A**.

13.2. Calculated that the Council Tax requirement for the Council's own purposes for 2021/22 (excluding Parish precepts) is £242,848,656.

13.3. That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:

- a. £681,018,752 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- b. £429,079,573 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c. £251,939,179 being the amount by which the aggregate at 13.3(a) above exceeds the aggregate at 13.3(b) above, calculated by the Council, in accordance with Section 31A(4) of the

Act as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act).

- d. £1,638.14 being the amount at 13.3(c) above divided by the amount at 13.1(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- e. £9,090,523 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
- f. £1,579.03 being the amount at 13.3(d) above less the result given by dividing the amount at 13.3(e) above by the amount at 13.1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- g. **Appendix A** being the amounts calculated by the Council, in accordance with regulations 3 and 6 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its total council tax base for the year and council tax base for dwellings in those parts of its area to which one or more special items relate.
- h. **Appendix B** being the amounts given by adding to the amount at (f) above, the amounts of special items relating to dwellings in those parts of the Council's area mentioned above divided by in each case the appropriate tax base from Appendix A, calculated by the Council in accordance with Section 34(3) of the 1992 Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate. (Band D charges for each Parish area).
- i. **Appendix C** being the amounts given by multiplying the amount at (h) above by the number which, in the proportion set out in Section 5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Local charges for all Bands).
- j. **Appendix D** being the aggregate of the local charges in (i) above and the amounts levied by major precepting

authorities, calculated in accordance with Section 30(2) of the 1992 Act (The total Council Tax charge for each band in each Parish area).

**13.4.** To note that the Police & Crime Commissioner and the Fire Authority have issued precepts to Cheshire East Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as shown in sections 10 and 11 above.

**13.5.** Determine whether Cheshire East Council's basic amount of Council tax for 2021/22 is excessive in accordance with principles approved under Section 52ZB and 52ZC of the Local Government Finance Act 1992.

## **14. Implications of the Recommendations**

### **14.1. Legal Implications**

14.1.1. As covered in the report.

### **14.2. Finance Implications**

14.2.1. As covered in the report.

### **14.3. Policy Implications**

14.3.1. None.

### **14.4. Equality Implications**

14.4.1. None.

### **14.5. Human Resources Implications**

14.5.1. None.

### **14.6. Risk Management Implications**

14.6.1. The steps outlined in this report will address the main legal and financial risk to the Council's financial management in the setting of a legal Council Tax level for 2021/22

### **14.7. Rural Communities Implications**

14.7.1. None.

### **14.8. Implications for Children & Young People**

14.8.1. None.

**14.9. Public Health Implications**

14.9.1. None.

**14.10. Climate Change Implications**

14.10.1. None.

**15. Ward Members Affected**

15.1. Not applicable.

**16. Consultation & Engagement**

16.1. The recommendation in this report reflects the results of the 2021-25 Pre-Budget Consultation process.

**17. Access to Information**

17.1. The following are links to key background documents:

[Medium Term Financial Strategy 2021-25 \(Cabinet 2nd February 2021\)](#)

[Domestic Taxbase Report \(Council 16th December 2020\)](#)

**18. Contact Information**

18.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Director of Finance and Customer Services (Section 151 Officer)

Email: [alex.thompson@cheshireeast.gov.uk](mailto:alex.thompson@cheshireeast.gov.uk)

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## COUNCIL TAX - TAX BASE 2021/22 - by Parish

	Tax Base
Acton, Edleston, Henhull	717.80
Adlington	639.99
Agden	69.34
Alderley Edge	2,706.53
Alpraham	221.39
Alsager	4,930.04
Arclid	205.82
Ashley	160.38
Aston-by-Budworth	188.99
Audlem	1,047.81
Barthomley	101.71
Betchton	286.52
Bickerton, Egerton	164.35
Bollington	3,202.47
Bosley	217.60
Bradwall	88.51
Brereton	735.84
Brindley, Faddiley	154.81
Burton	245.28
Bulkeley, Ridley	221.37
Bunbury	684.57
Burland	290.09
Calveley	137.67
Chelford	760.12
Cholmondeley, Chorley	153.60
Cholmondeston, Wettenhall	207.41
Chorley	286.75
Church Lawton	910.22
Church Minshull	219.61
Congleton	10,475.25
Cranage	680.16
Crewe	13,962.90
Crewe Green	96.63
Disley	2,062.61
Dodcott-cum-Wilkesley	218.13
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	312.91
Eaton	358.46
Gawsworth	819.46
Goostrey	1,090.19
Great Warford	442.42
Handforth	2,332.71
Hankelow	177.35
Haslington	2,778.04
Hassall	112.16
Hatherton, Walgherton	250.55
Haughton	106.34
Henbury	373.35
High Legh	906.70
Higher Hurdsfield	332.15
Holmes Chapel	2,796.11
Hough, Chorlton	848.69
Hulme Walfield & Somerford Booths	285.43
Kettleshulme	172.90
Knutsford	5,793.51
Little Bollington	85.48
Little Warford	40.51
Lower Peover	76.53
Lower Withington	335.44

	Tax Base
Lyme Handley	69.32
Macclesfield	18,711.93
Macclesfield Forest / Wildboarclough	118.17
Marbury-cum-Quoisley, Norbury, Wirswall	279.36
Marton	115.48
Mere	486.30
Middlewich	4,931.22
Millington	101.82
Minshull Vernon, Leighton, Woolstanwood	2,296.79
Mobberley	1,470.12
Moston	369.55
Mottram St Andrew	412.83
Nantwich	5,334.23
Nether Alderley	588.64
Newbold Astbury-cum-Moreton	359.30
Newhall	426.98
North Rode	125.96
Odd Rode	1,990.69
Ollerton / Marthall	323.74
Over Alderley	229.88
Peckforton	77.29
Peover Superior	410.85
Pickmere	377.28
Plumley with Toft and Bexton	408.45
Pott Shrigley	154.23
Poynton with Worth	5,954.19
Prestbury	2,230.41
Rainow	610.36
Rope	881.53
Rostherne	80.08
Sandbach	8,205.94
Shavington-cum-Gresty	2,233.37
Siddington	182.74
Smallwood	327.85
Snelson	83.29
Somerford	612.44
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	492.89
Spurstow	192.45
Stapeley, Batherton	1,716.04
Stoke, Hurleston	150.02
Styal	411.89
Sutton	1,127.13
Swettenham	174.77
Tabley	233.09
Tatton	12.14
Twemlow	120.43
Wardle	67.76
Warmingham	114.93
Weston, Basford	1,046.80
Willaston	1,480.21
Wilmslow	11,849.75
Wincle	93.69
Wistaston	3,150.40
Worleston, Poole, Aston Juxta Mondrum	296.78
Wrenbury-cum-Frith	525.81
Wybunbury	686.85
<b>TOTAL TAX BASE</b>	<b>153,796.10</b>

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## COUNCIL TAX - BAND D PER PARISH 2021/22

	£
Acton, Edleston, Henhull	1,590.59
Adlington	1,607.16
Agden	1,590.78
Alderley Edge	1,647.53
Alpraham	1,617.21
Alsager	1,658.49
Arclid	1,598.22
Ashley	1,608.96
Aston-by-Budworth	1,586.97
Audlem	1,631.52
Barthomley	1,603.61
Betchton	1,587.11
Bickerton, Egerton	1,591.20
Bollington	1,637.03
Bosley	1,598.48
Bradwall	1,597.67
Brereton	1,603.08
Brindley, Faddiley	1,598.41
Buerton	1,598.18
Bulkeley, Ridley	1,598.26
Bunbury	1,621.87
Burland	1,599.09
Calvey	1,630.90
Chelford	1,634.17
Cholmondeley, Chorley	1,594.85
Cholmondeston, Wettenhall	1,603.14
Chorley	1,596.47
Church Lawton	1,602.10
Church Minshull	1,600.18
Congleton	1,670.12
Cranage	1,608.43
Crewe	1,661.58
Crewe Green	1,610.85
Disley	1,654.96
Dodcott-cum-Wilkesley	1,606.54
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	1,588.77
Eaton	1,593.44
Gawsworth	1,613.03
Goostrey	1,619.70
Great Warford	1,599.51
Handforth	1,615.47
Hankelow	1,603.84
Haslington	1,611.70
Hassall	1,614.69
Hatherton, Walgherton	1,596.60
Haughton	1,587.26
Henbury	1,640.63
High Legh	1,592.82
Higher Hurdsfield	1,596.94
Holmes Chapel	1,661.82
Hough, Chorlton	1,609.67
Hulme Walfield & Somerford Booths	1,619.32
Kettleshulme	1,644.13
Knutsford	1,657.62
Little Bollington	1,591.90
Little Warford	1,579.03
Lower Peover	1,608.10
Lower Withington	1,609.96

	£
Lyme Handley	1,579.03
Macclesfield	1,629.96
Macclesfield Forest / Wildboarclough	1,579.03
Marbury-cum-Quoisley, Norbury, Wirswall	1,611.25
Marton	1,609.34
Mere	1,597.54
Middlewich	1,654.93
Millington	1,601.94
Minshull Vernon, Leighton, Woolstanwood	1,600.80
Mobberley	1,606.24
Moston	1,608.69
Mottram St Andrew	1,598.49
Nantwich	1,753.82
Nether Alderley	1,669.11
Newbold Astbury-cum-Moreton	1,620.78
Newhall	1,591.91
North Rode	1,596.93
Odd Rode	1,626.75
Ollerton / Marthall	1,610.01
Over Alderley	1,598.37
Peckforton	1,598.66
Peover Superior	1,613.78
Pickmere	1,615.21
Plumley with Toft and Bexton	1,621.16
Pott Shrigley	1,604.97
Poynton with Worth	1,661.63
Prestbury	1,614.45
Rainow	1,601.97
Rope	1,586.54
Rostherne	1,627.73
Sandbach	1,663.06
Shavington-cum-Gresty	1,642.85
Siddington	1,598.18
Smallwood	1,591.23
Snelson	1,656.65
Somerford	1,644.34
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	1,588.16
Spurstow	1,598.00
Stapeley, Batherton	1,598.19
Stoke, Hurleston	1,597.35
Styal	1,601.37
Sutton	1,600.99
Swettenham	1,606.86
Tabley	1,593.08
Tatton	1,579.03
Twemlow	1,610.17
Wardle	1,601.17
Warmingham	1,614.85
Weston, Basford	1,608.35
Willaston	1,596.06
Wilmslow	1,606.34
Wincle	1,579.03
Wistaston	1,598.65
Worleston, Poole, Aston Juxta Mondrum	1,594.59
Wrenbury-cum-Frith	1,617.07
Wybunbury	1,621.60

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## LOCAL COUNCIL TAX (BOROUGH + PARISH)

	VALUATION BAND							
	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Acton, Edleston, Henhull	1,060.40	1,237.12	1,413.86	1,590.59	1,944.06	2,297.51	2,650.99	3,181.18
Adlington	1,071.44	1,250.01	1,428.58	1,607.16	1,964.31	2,321.44	2,678.60	3,214.32
Agden	1,060.52	1,237.27	1,414.02	1,590.78	1,944.29	2,297.78	2,651.30	3,181.56
Alderley Edge	1,098.36	1,281.41	1,464.47	1,647.53	2,013.65	2,379.75	2,745.89	3,295.06
Alraham	1,078.14	1,257.83	1,437.52	1,617.21	1,976.59	2,335.96	2,695.35	3,234.42
Alsager	1,105.66	1,289.93	1,474.21	1,658.49	2,027.05	2,395.59	2,764.15	3,316.98
Arclid	1,065.48	1,243.06	1,420.64	1,598.22	1,953.38	2,308.53	2,663.70	3,196.44
Ashley	1,072.64	1,251.41	1,430.18	1,608.96	1,966.51	2,324.04	2,681.60	3,217.92
Aston-by-Budworth	1,057.98	1,234.31	1,410.64	1,586.97	1,939.63	2,292.28	2,644.95	3,173.94
Audlem	1,087.68	1,268.96	1,450.24	1,631.52	1,994.08	2,356.63	2,719.20	3,263.04
Barthomley	1,069.08	1,247.25	1,425.43	1,603.61	1,959.97	2,316.31	2,672.69	3,207.22
Betchton	1,058.08	1,234.41	1,410.76	1,587.11	1,939.81	2,292.48	2,645.19	3,174.22
Bickerton, Egerton	1,060.80	1,237.60	1,414.40	1,591.20	1,944.80	2,298.39	2,652.00	3,182.40
Bollington	1,091.36	1,273.24	1,455.14	1,637.03	2,000.82	2,364.59	2,728.39	3,274.06
Bosley	1,065.66	1,243.26	1,420.87	1,598.48	1,953.70	2,308.90	2,664.14	3,196.96
Bradwall	1,065.12	1,242.63	1,420.15	1,597.67	1,952.71	2,307.73	2,662.79	3,195.34
Brereton	1,068.72	1,246.84	1,424.96	1,603.08	1,959.32	2,315.55	2,671.80	3,206.16
Brindley, Faddiley	1,065.61	1,243.20	1,420.81	1,598.41	1,953.62	2,308.80	2,664.02	3,196.82
Buerton	1,065.46	1,243.02	1,420.60	1,598.18	1,953.34	2,308.47	2,663.64	3,196.36
Bulkeley, Ridley	1,065.51	1,243.09	1,420.67	1,598.26	1,953.43	2,308.59	2,663.77	3,196.52
Bunbury	1,081.25	1,261.45	1,441.66	1,621.87	1,982.29	2,342.69	2,703.12	3,243.74
Burland	1,066.06	1,243.73	1,421.41	1,599.09	1,954.45	2,309.79	2,665.15	3,198.18
Calveley	1,087.27	1,268.47	1,449.69	1,630.90	1,993.33	2,355.73	2,718.17	3,261.80
Chelford	1,089.45	1,271.02	1,452.59	1,634.17	1,997.32	2,360.46	2,723.62	3,268.34
Cholmondeley, Chorley	1,063.24	1,240.43	1,417.64	1,594.85	1,949.27	2,303.66	2,658.09	3,189.70
Cholmondeston, Wettenhall	1,068.76	1,246.88	1,425.01	1,603.14	1,959.40	2,315.64	2,671.90	3,206.28
Chorley	1,064.32	1,241.69	1,419.08	1,596.47	1,951.25	2,306.00	2,660.79	3,192.94
Church Lawton	1,068.07	1,246.07	1,424.09	1,602.10	1,958.13	2,314.13	2,670.17	3,204.20
Church Minshull	1,066.79	1,244.58	1,422.38	1,600.18	1,955.78	2,311.36	2,666.97	3,200.36
Congleton	1,113.42	1,298.98	1,484.55	1,670.12	2,041.26	2,412.38	2,783.54	3,340.24
Cranage	1,072.29	1,251.00	1,429.71	1,608.43	1,965.86	2,323.28	2,680.72	3,216.86
Crewe	1,107.72	1,292.34	1,476.96	1,661.58	2,030.82	2,400.05	2,769.30	3,323.16
Crewe Green	1,073.90	1,252.88	1,431.86	1,610.85	1,968.82	2,326.77	2,684.75	3,221.70
Disley	1,103.31	1,287.19	1,471.07	1,654.96	2,022.73	2,390.49	2,758.27	3,309.92
Dodcott-cum-Wilkesley	1,071.03	1,249.53	1,428.03	1,606.54	1,963.55	2,320.55	2,677.57	3,213.08
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	1,059.18	1,235.71	1,412.24	1,588.77	1,941.83	2,294.88	2,647.95	3,177.54
Eaton	1,062.30	1,239.34	1,416.39	1,593.44	1,947.54	2,301.62	2,655.74	3,186.88
Gawsworth	1,075.36	1,254.57	1,433.80	1,613.03	1,971.49	2,329.92	2,688.39	3,226.06
Goostrey	1,079.80	1,259.76	1,439.73	1,619.70	1,979.64	2,339.56	2,699.50	3,239.40
Great Warford	1,066.34	1,244.06	1,421.78	1,599.51	1,954.96	2,310.39	2,665.85	3,199.02
Handforth	1,076.98	1,256.47	1,435.97	1,615.47	1,974.47	2,333.45	2,692.45	3,230.94
Hankelow	1,069.23	1,247.43	1,425.63	1,603.84	1,960.25	2,316.65	2,673.07	3,207.68
Haslington	1,074.47	1,253.54	1,432.62	1,611.70	1,969.86	2,328.00	2,686.17	3,223.40
Hassall	1,076.46	1,255.87	1,435.28	1,614.69	1,973.51	2,332.32	2,691.15	3,229.38
Hatherton, Walgherton	1,064.40	1,241.80	1,419.20	1,596.60	1,951.40	2,306.19	2,661.00	3,193.20
Houghton	1,058.18	1,234.53	1,410.90	1,587.26	1,939.99	2,292.70	2,645.44	3,174.52
Henbury	1,093.76	1,276.04	1,458.34	1,640.63	2,005.22	2,369.79	2,734.39	3,281.26
High Legh	1,061.88	1,238.86	1,415.84	1,592.82	1,946.78	2,300.73	2,654.70	3,185.64
Higher Hurdsfield	1,064.63	1,242.06	1,419.50	1,596.94	1,951.82	2,306.68	2,661.57	3,193.88
Holmes Chapel	1,107.88	1,292.52	1,477.17	1,661.82	2,031.12	2,400.40	2,769.70	3,323.64
Hough, Chorlton	1,073.12	1,251.96	1,430.82	1,609.67	1,967.38	2,325.07	2,682.79	3,219.34
Hulme Walfield & Somerford Booths	1,079.55	1,259.47	1,439.39	1,619.32	1,979.17	2,339.01	2,698.87	3,238.64
Kettleshulme	1,096.09	1,278.76	1,461.45	1,644.13	2,009.50	2,374.84	2,740.22	3,288.26
Knutsford	1,105.08	1,289.26	1,473.44	1,657.62	2,025.98	2,394.33	2,762.70	3,315.24
Little Bollington	1,061.27	1,238.14	1,415.02	1,591.90	1,945.66	2,299.40	2,653.17	3,183.80
Little Warford	1,052.69	1,228.13	1,403.58	1,579.03	1,929.93	2,280.81	2,631.72	3,158.06
Lower Peover	1,072.07	1,250.74	1,429.42	1,608.10	1,965.46	2,322.80	2,680.17	3,216.20
Lower Withington	1,073.31	1,252.19	1,431.07	1,609.96	1,967.73	2,325.49	2,683.27	3,219.92
Lyme Handley	1,052.69	1,228.13	1,403.58	1,579.03	1,929.93	2,280.81	2,631.72	3,158.06
Macclesfield	1,086.64	1,267.74	1,448.85	1,629.96	1,992.18	2,354.38	2,716.60	3,259.92
Macclesfield Forest / Wildboardclough	1,052.69	1,228.13	1,403.58	1,579.03	1,929.93	2,280.81	2,631.72	3,158.06
Marbury-cum-Quoisley, Norbury, Wirswall	1,074.17	1,253.19	1,432.22	1,611.25	1,969.31	2,327.35	2,685.42	3,222.50
Marton	1,072.90	1,251.70	1,430.52	1,609.34	1,966.98	2,324.59	2,682.24	3,218.68
Mere	1,065.03	1,242.53	1,420.03	1,597.54	1,952.55	2,307.55	2,662.57	3,195.08

## LOCAL COUNCIL TAX (BOROUGH + PARISH)

	VALUATION BAND							
	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Middlewich	1,103.29	1,287.16	1,471.05	1,654.93	2,022.70	2,390.44	2,758.22	3,309.86
Millington	1,067.96	1,245.95	1,423.94	1,601.94	1,957.93	2,313.90	2,669.90	3,203.88
Minshull Vernon, Leighton, Woolstanwood	1,067.20	1,245.06	1,422.93	1,600.80	1,956.54	2,312.26	2,668.00	3,201.60
Mobberley	1,070.83	1,249.29	1,427.77	1,606.24	1,963.19	2,320.11	2,677.07	3,212.48
Moston	1,072.46	1,251.20	1,429.94	1,608.69	1,966.18	2,323.65	2,681.15	3,217.38
Mottram St Andrew	1,065.66	1,243.27	1,420.88	1,598.49	1,953.71	2,308.92	2,664.15	3,196.98
Nantwich	1,169.22	1,364.08	1,558.95	1,753.82	2,143.56	2,533.28	2,923.04	3,507.64
Nether Alderley	1,112.74	1,298.19	1,483.65	1,669.11	2,040.03	2,410.93	2,781.85	3,338.22
Newbold Astbury-cum-Moreton	1,080.52	1,260.60	1,440.69	1,620.78	1,980.96	2,341.12	2,701.30	3,241.56
Newhall	1,061.28	1,238.15	1,415.03	1,591.91	1,945.67	2,299.41	2,653.19	3,183.82
North Rode	1,064.62	1,242.05	1,419.49	1,596.93	1,951.81	2,306.67	2,661.55	3,193.86
Odd Rode	1,084.50	1,265.25	1,446.00	1,626.75	1,988.25	2,349.74	2,711.25	3,253.50
Ollerton / Marthall	1,073.34	1,252.23	1,431.12	1,610.01	1,967.79	2,325.56	2,683.35	3,220.02
Over Alderley	1,065.58	1,243.17	1,420.77	1,598.37	1,953.57	2,308.75	2,663.95	3,196.74
Peckforton	1,065.78	1,243.40	1,421.03	1,598.66	1,953.92	2,309.16	2,664.44	3,197.32
Peover Superior	1,075.86	1,255.16	1,434.47	1,613.78	1,972.40	2,331.00	2,689.64	3,227.56
Pickmere	1,076.81	1,256.27	1,435.74	1,615.21	1,974.15	2,333.07	2,692.02	3,230.42
Plumley with Toft and Bexton	1,080.78	1,260.90	1,441.03	1,621.16	1,981.42	2,341.66	2,701.94	3,242.32
Pott Shrigley	1,069.98	1,248.31	1,426.64	1,604.97	1,961.63	2,318.28	2,674.95	3,209.94
Poynton with Worth	1,107.76	1,292.37	1,477.00	1,661.63	2,030.89	2,400.12	2,769.39	3,323.26
Prestbury	1,076.30	1,255.68	1,435.06	1,614.45	1,973.22	2,331.97	2,690.75	3,228.90
Rainow	1,067.98	1,245.97	1,423.97	1,601.97	1,957.97	2,313.95	2,669.95	3,203.94
Rope	1,057.70	1,233.97	1,410.26	1,586.54	1,939.11	2,291.66	2,644.24	3,173.08
Rostherne	1,085.16	1,266.01	1,446.87	1,627.73	1,989.45	2,351.15	2,712.89	3,255.46
Sandbach	1,108.71	1,293.49	1,478.27	1,663.06	2,032.63	2,402.19	2,771.77	3,326.12
Shavington-cum-Gresty	1,095.24	1,277.77	1,460.31	1,642.85	2,007.93	2,372.99	2,738.09	3,285.70
Siddington	1,065.46	1,243.02	1,420.60	1,598.18	1,953.34	2,308.47	2,663.64	3,196.36
Smallwood	1,060.82	1,237.62	1,414.42	1,591.23	1,944.84	2,298.43	2,652.05	3,182.46
Snelson	1,104.44	1,288.50	1,472.58	1,656.65	2,024.80	2,392.93	2,761.09	3,313.30
Somerford	1,096.23	1,278.93	1,461.63	1,644.34	2,009.75	2,375.15	2,740.57	3,288.68
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	1,058.78	1,235.23	1,411.70	1,588.16	1,941.09	2,294.00	2,646.94	3,176.32
Spurstow	1,065.34	1,242.88	1,420.44	1,598.00	1,953.12	2,308.21	2,663.34	3,196.00
Stapeley, Batherton	1,065.46	1,243.03	1,420.61	1,598.19	1,953.35	2,308.49	2,663.65	3,196.38
Stoke, Hurlleston	1,064.90	1,242.38	1,419.86	1,597.35	1,952.32	2,307.27	2,662.25	3,194.70
Styal	1,067.58	1,245.51	1,423.44	1,601.37	1,957.23	2,313.08	2,668.95	3,202.74
Sutton	1,067.33	1,245.21	1,423.10	1,600.99	1,956.77	2,312.53	2,668.32	3,201.98
Swettenham	1,071.24	1,249.78	1,428.32	1,606.86	1,963.94	2,321.01	2,678.10	3,213.72
Tabley	1,062.06	1,239.06	1,416.07	1,593.08	1,947.10	2,301.10	2,655.14	3,186.16
Tatton	1,052.69	1,228.13	1,403.58	1,579.03	1,929.93	2,280.81	2,631.72	3,158.06
Twemlow	1,073.45	1,252.35	1,431.26	1,610.17	1,967.99	2,325.79	2,683.62	3,220.34
Wardle	1,067.45	1,245.35	1,423.26	1,601.17	1,956.99	2,312.79	2,668.62	3,202.34
Warmingham	1,076.57	1,255.99	1,435.42	1,614.85	1,973.71	2,332.55	2,691.42	3,229.70
Weston, Basford	1,072.24	1,250.93	1,429.64	1,608.35	1,965.77	2,323.16	2,680.59	3,216.70
Willaston	1,064.04	1,241.38	1,418.72	1,596.06	1,950.74	2,305.41	2,660.10	3,192.12
Wilmslow	1,070.90	1,249.37	1,427.86	1,606.34	1,963.31	2,320.26	2,677.24	3,212.68
Wincle	1,052.69	1,228.13	1,403.58	1,579.03	1,929.93	2,280.81	2,631.72	3,158.06
Wistaston	1,065.77	1,243.39	1,421.02	1,598.65	1,953.91	2,309.15	2,664.42	3,197.30
Worleston, Poole, Aston Juxta Mondrum	1,063.06	1,240.23	1,417.41	1,594.59	1,948.95	2,303.29	2,657.65	3,189.18
Wrenbury-cum-Frith	1,078.05	1,257.72	1,437.39	1,617.07	1,976.42	2,335.76	2,695.12	3,234.14
Wybunbury	1,081.07	1,261.24	1,441.42	1,621.60	1,981.96	2,342.30	2,702.67	3,243.20

## TOTAL COUNCIL TAX

	VALUATION BAND							
	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Acton, Edleston, Henhull	1,264.60	1,475.36	1,686.13	1,896.90	2,318.44	2,739.96	3,161.50	3,793.80
Adlington	1,275.64	1,488.25	1,700.85	1,913.47	2,338.69	2,763.89	3,189.11	3,826.94
Agden	1,264.72	1,475.51	1,686.29	1,897.09	2,318.67	2,740.23	3,161.81	3,794.18
Alderley Edge	1,302.56	1,519.65	1,736.74	1,953.84	2,388.03	2,822.20	3,256.40	3,907.68
Alraham	1,282.34	1,496.07	1,709.79	1,923.52	2,350.97	2,778.41	3,205.86	3,847.04
Alsager	1,309.86	1,528.17	1,746.48	1,964.80	2,401.43	2,838.04	3,274.66	3,929.60
Arclid	1,269.68	1,481.30	1,692.91	1,904.53	2,327.76	2,750.98	3,174.21	3,809.06
Ashley	1,276.84	1,489.65	1,702.45	1,915.27	2,340.89	2,766.49	3,192.11	3,830.54
Aston-by-Budworth	1,262.18	1,472.55	1,682.91	1,893.28	2,314.01	2,734.73	3,155.46	3,786.56
Audlem	1,291.88	1,507.20	1,722.51	1,937.83	2,368.46	2,799.08	3,229.71	3,875.66
Barthomley	1,273.28	1,485.49	1,697.70	1,909.92	2,334.35	2,758.76	3,183.20	3,819.84
Betchton	1,262.28	1,472.65	1,683.03	1,893.42	2,314.19	2,734.93	3,155.70	3,786.84
Bickerton, Egerton	1,265.00	1,475.84	1,686.67	1,897.51	2,319.18	2,740.84	3,162.51	3,795.02
Bollington	1,295.56	1,511.48	1,727.41	1,943.34	2,375.20	2,807.04	3,238.90	3,886.68
Bosley	1,269.86	1,481.50	1,693.14	1,904.79	2,328.08	2,751.35	3,174.65	3,809.58
Bradwall	1,269.32	1,480.87	1,692.42	1,903.98	2,327.09	2,750.18	3,173.30	3,807.96
Brereton	1,272.92	1,485.08	1,697.23	1,909.39	2,333.70	2,758.00	3,182.31	3,818.78
Brindley, Faddiley	1,269.81	1,481.44	1,693.08	1,904.72	2,328.00	2,751.25	3,174.53	3,809.44
Buerton	1,269.66	1,481.26	1,692.87	1,904.49	2,327.72	2,750.92	3,174.15	3,808.98
Bulkeley, Ridley	1,269.71	1,481.33	1,692.94	1,904.57	2,327.81	2,751.04	3,174.28	3,809.14
Bunbury	1,285.45	1,499.69	1,713.93	1,928.18	2,356.67	2,785.14	3,213.63	3,856.36
Burland	1,270.26	1,481.97	1,693.68	1,905.40	2,328.83	2,752.24	3,175.66	3,810.80
Calvey	1,291.47	1,506.71	1,721.96	1,937.21	2,367.71	2,798.18	3,228.68	3,874.42
Chelford	1,293.65	1,509.26	1,724.86	1,940.48	2,371.70	2,802.91	3,234.13	3,880.96
Cholmondeley, Chorley	1,267.44	1,478.67	1,689.91	1,901.16	2,323.65	2,746.11	3,168.60	3,802.32
Cholmondeston, Wettenhall	1,272.96	1,485.12	1,697.28	1,909.45	2,333.78	2,758.09	3,182.41	3,818.90
Chorley	1,268.52	1,479.93	1,691.35	1,902.78	2,325.63	2,748.45	3,171.30	3,805.56
Church Lawton	1,272.27	1,484.31	1,696.36	1,908.41	2,332.51	2,756.58	3,180.68	3,816.82
Church Minshull	1,270.99	1,482.82	1,694.65	1,906.49	2,330.16	2,753.81	3,177.48	3,812.98
Congleton	1,317.62	1,537.22	1,756.82	1,976.43	2,415.64	2,854.83	3,294.05	3,952.86
Cranage	1,276.49	1,489.24	1,701.98	1,914.74	2,340.24	2,765.73	3,191.23	3,829.48
Crewe	1,311.92	1,530.58	1,749.23	1,967.89	2,405.20	2,842.50	3,279.81	3,935.78
Crewe Green	1,278.10	1,491.12	1,704.13	1,917.16	2,343.20	2,769.22	3,195.26	3,834.32
Disley	1,307.51	1,525.43	1,743.34	1,961.27	2,397.11	2,832.94	3,268.78	3,922.54
Dodcott-cum-Wilkesley	1,275.23	1,487.77	1,700.30	1,912.85	2,337.93	2,763.00	3,188.08	3,825.70
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	1,263.38	1,473.95	1,684.51	1,895.08	2,316.21	2,737.33	3,158.46	3,790.16
Eaton	1,266.50	1,477.58	1,688.66	1,899.75	2,321.92	2,744.07	3,166.25	3,799.50
Gawsworth	1,279.56	1,492.81	1,706.07	1,919.34	2,345.87	2,772.37	3,198.90	3,838.68
Goostrey	1,284.00	1,498.00	1,712.00	1,926.01	2,354.02	2,782.01	3,210.01	3,852.02
Great Warford	1,270.54	1,482.30	1,694.05	1,905.82	2,329.34	2,752.84	3,176.36	3,811.64
Handforth	1,281.18	1,494.71	1,708.24	1,921.78	2,348.85	2,775.90	3,202.96	3,843.56
Hankelow	1,273.43	1,485.67	1,697.90	1,910.15	2,334.63	2,759.10	3,183.58	3,820.30
Haslington	1,278.67	1,491.78	1,704.89	1,918.01	2,344.24	2,770.45	3,196.68	3,836.02
Hassall	1,280.66	1,494.11	1,707.55	1,921.00	2,347.89	2,774.77	3,201.66	3,842.00
Hatherton, Walgherton	1,268.60	1,480.04	1,691.47	1,902.91	2,325.78	2,748.64	3,171.51	3,805.82
Haughton	1,262.38	1,472.77	1,683.17	1,893.57	2,314.37	2,735.15	3,155.95	3,787.14
Henbury	1,297.96	1,514.28	1,730.61	1,946.94	2,379.60	2,812.24	3,244.90	3,893.88
High Legh	1,266.08	1,477.10	1,688.11	1,899.13	2,321.16	2,743.18	3,165.21	3,798.26
Higher Hurdsfield	1,268.83	1,480.30	1,691.77	1,903.25	2,326.20	2,749.13	3,172.08	3,806.50
Holmes Chapel	1,312.08	1,530.76	1,749.44	1,968.13	2,405.50	2,842.85	3,280.21	3,936.26
Hough, Chorlton	1,277.32	1,490.20	1,703.09	1,915.98	2,341.76	2,767.52	3,193.30	3,831.96
Hulme Walfield & Somerford Booths	1,283.75	1,497.71	1,711.66	1,925.63	2,353.55	2,781.46	3,209.38	3,851.26
Kettleshulme	1,300.29	1,517.00	1,733.72	1,950.44	2,383.88	2,817.29	3,250.73	3,900.88
Knutsford	1,309.28	1,527.50	1,745.71	1,963.93	2,400.36	2,836.78	3,273.21	3,927.86
Little Bollington	1,265.47	1,476.38	1,687.29	1,898.21	2,320.04	2,741.85	3,163.68	3,796.42
Little Warford	1,256.89	1,466.37	1,675.85	1,885.34	2,304.31	2,723.26	3,142.23	3,770.68
Lower Peover	1,276.27	1,488.98	1,701.69	1,914.41	2,339.84	2,765.25	3,190.68	3,828.82
Lower Withington	1,277.51	1,490.43	1,703.34	1,916.27	2,342.11	2,767.94	3,193.78	3,832.54
Lyme Handley	1,256.89	1,466.37	1,675.85	1,885.34	2,304.31	2,723.26	3,142.23	3,770.68
Macclesfield	1,290.84	1,505.98	1,721.12	1,936.27	2,366.56	2,796.83	3,227.11	3,872.54
Macclesfield Forest / Wildboarclough	1,256.89	1,466.37	1,675.85	1,885.34	2,304.31	2,723.26	3,142.23	3,770.68
Marbury-cum-Quoisley, Norbury, Wirswall	1,278.37	1,491.43	1,704.49	1,917.56	2,343.69	2,769.80	3,195.93	3,835.12
Marton	1,277.10	1,489.94	1,702.79	1,915.65	2,341.36	2,767.04	3,192.75	3,831.30
Mere	1,269.23	1,480.77	1,692.30	1,903.85	2,326.93	2,750.00	3,173.08	3,807.70

## TOTAL COUNCIL TAX

	VALUATION BAND							
	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Middlewich	1,307.49	1,525.40	1,743.32	1,961.24	2,397.08	2,832.89	3,268.73	3,922.48
Millington	1,272.16	1,484.19	1,696.21	1,908.25	2,332.31	2,756.35	3,180.41	3,816.50
Minshull Vernon, Leighton, Woolstanwood	1,271.40	1,483.30	1,695.20	1,907.11	2,330.92	2,754.71	3,178.51	3,814.22
Mobberley	1,275.03	1,487.53	1,700.04	1,912.55	2,337.57	2,762.56	3,187.58	3,825.10
Moston	1,276.66	1,489.44	1,702.21	1,915.00	2,340.56	2,766.10	3,191.66	3,830.00
Mottram St Andrew	1,269.86	1,481.51	1,693.15	1,904.80	2,328.09	2,751.37	3,174.66	3,809.60
Nantwich	1,373.42	1,602.32	1,831.22	2,060.13	2,517.94	2,975.73	3,433.55	4,120.26
Nether Alderley	1,316.94	1,536.43	1,755.92	1,975.42	2,414.41	2,853.38	3,292.36	3,950.84
Newbold Astbury-cum-Moreton	1,284.72	1,498.84	1,712.96	1,927.09	2,355.34	2,783.57	3,211.81	3,854.18
Newhall	1,265.48	1,476.39	1,687.30	1,898.22	2,320.05	2,741.86	3,163.70	3,796.44
North Rode	1,268.82	1,480.29	1,691.76	1,903.24	2,326.19	2,749.12	3,172.06	3,806.48
Odd Rode	1,288.70	1,503.49	1,718.27	1,933.06	2,362.63	2,792.19	3,221.76	3,866.12
Ollerton / Marthall	1,277.54	1,490.47	1,703.39	1,916.32	2,342.17	2,768.01	3,193.86	3,832.64
Over Alderley	1,269.78	1,481.41	1,693.04	1,904.68	2,327.95	2,751.20	3,174.46	3,809.36
Peckforton	1,269.98	1,481.64	1,693.30	1,904.97	2,328.30	2,751.61	3,174.95	3,809.94
Peover Superior	1,280.06	1,493.40	1,706.74	1,920.09	2,346.78	2,773.45	3,200.15	3,840.18
Pickmere	1,281.01	1,494.51	1,708.01	1,921.52	2,348.53	2,775.52	3,202.53	3,843.04
Plumley with Toft and Bexton	1,284.98	1,499.14	1,713.30	1,927.47	2,355.80	2,784.11	3,212.45	3,854.94
Pott Shrigley	1,274.18	1,486.55	1,698.91	1,911.28	2,336.01	2,760.73	3,185.46	3,822.56
Poynton with Worth	1,311.96	1,530.61	1,749.27	1,967.94	2,405.27	2,842.57	3,279.90	3,935.88
Prestbury	1,280.50	1,493.92	1,707.33	1,920.76	2,347.60	2,774.42	3,201.26	3,841.52
Rainow	1,272.18	1,484.21	1,696.24	1,908.28	2,332.35	2,756.40	3,180.46	3,816.56
Rope	1,261.90	1,472.21	1,682.53	1,892.85	2,313.49	2,734.11	3,154.75	3,785.70
Rostherne	1,289.36	1,504.25	1,719.14	1,934.04	2,363.83	2,793.60	3,223.40	3,868.08
Sandbach	1,312.91	1,531.73	1,750.54	1,969.37	2,407.01	2,844.64	3,282.28	3,938.74
Shavington-cum-Gresty	1,299.44	1,516.01	1,732.58	1,949.16	2,382.31	2,815.44	3,248.60	3,898.32
Siddington	1,269.66	1,481.26	1,692.87	1,904.49	2,327.72	2,750.92	3,174.15	3,808.98
Smallwood	1,265.02	1,475.86	1,686.69	1,897.54	2,319.22	2,740.88	3,162.56	3,795.08
Snelson	1,308.64	1,526.74	1,744.85	1,962.96	2,399.18	2,835.38	3,271.60	3,925.92
Somerford	1,300.43	1,517.17	1,733.90	1,950.65	2,384.13	2,817.60	3,251.08	3,901.30
Sound, Austerston, Baddiley, Baddington,	1,262.98	1,473.47	1,683.97	1,894.47	2,315.47	2,736.45	3,157.45	3,788.94
Broomhall, Coole Pilate								
Spurstow	1,269.54	1,481.12	1,692.71	1,904.31	2,327.50	2,750.66	3,173.85	3,808.62
Stapeley, Batherton	1,269.66	1,481.27	1,692.88	1,904.50	2,327.73	2,750.94	3,174.16	3,809.00
Stoke, Hurlleston	1,269.10	1,480.62	1,692.13	1,903.66	2,326.70	2,749.72	3,172.76	3,807.32
Styal	1,271.78	1,483.75	1,695.71	1,907.68	2,331.61	2,755.53	3,179.46	3,815.36
Sutton	1,271.53	1,483.45	1,695.37	1,907.30	2,331.15	2,754.98	3,178.83	3,814.60
Swettenham	1,275.44	1,488.02	1,700.59	1,913.17	2,338.32	2,763.46	3,188.61	3,826.34
Tabley	1,266.26	1,477.30	1,688.34	1,899.39	2,321.48	2,743.55	3,165.65	3,798.78
Tatton	1,256.89	1,466.37	1,675.85	1,885.34	2,304.31	2,723.26	3,142.23	3,770.68
Twemlow	1,277.65	1,490.59	1,703.53	1,916.48	2,342.37	2,768.24	3,194.13	3,832.96
Wardle	1,271.65	1,483.59	1,695.53	1,907.48	2,331.37	2,755.24	3,179.13	3,814.96
Warmingham	1,280.77	1,494.23	1,707.69	1,921.16	2,348.09	2,775.00	3,201.93	3,842.32
Weston, Basford	1,276.44	1,489.17	1,701.91	1,914.66	2,340.15	2,765.61	3,191.10	3,829.32
Willaston	1,268.24	1,479.62	1,690.99	1,902.37	2,325.12	2,747.86	3,170.61	3,804.74
Wilmslow	1,275.10	1,487.61	1,700.13	1,912.65	2,337.69	2,762.71	3,187.75	3,825.30
Wincle	1,256.89	1,466.37	1,675.85	1,885.34	2,304.31	2,723.26	3,142.23	3,770.68
Wistaston	1,269.97	1,481.63	1,693.29	1,904.96	2,328.29	2,751.60	3,174.93	3,809.92
Worleston, Poole, Aston Juxta Mondrum	1,267.26	1,478.47	1,689.68	1,900.90	2,323.33	2,745.74	3,168.16	3,801.80
Wrenbury-cum-Frith	1,282.25	1,495.96	1,709.66	1,923.38	2,350.80	2,778.21	3,205.63	3,846.76
Wybunbury	1,285.27	1,499.48	1,713.69	1,927.91	2,356.34	2,784.75	3,213.18	3,855.82

**COUNCIL MEETING – 17 FEBRUARY 2021****PAY POLICY STATEMENT 2021/22**

**Extract from the Minutes of the Staffing Committee meeting on 21 January 2021.**

**24 PAY POLICY STATEMENT 2021/22**

The Committee considered a report on the Draft Pay Policy Statement for 2021/22.

The Council was required under section 38 of the Localism Act 2011 to produce a Pay Policy Statement by 31 March on an annual basis.

The Statement for 2021/22 followed the style and format of last year's statement. Several changes had been made to the Pay Policy since last year and these were detailed in section 6.4 of the report.

There would be some in-year changes required to be made to the Pay Policy Statement to reflect the Council's move to the committee system form of governance and the outcome of the ongoing consultations with the trade unions on pay matters. To enable this to happen approval for authority for the Monitoring Officer to make in-year changes was being sought.

Discussions were being undertaken on whether a 'green' car salary sacrifice scheme could be introduced as this would be more in line with the Council's climate change ambitions.

It was reported that the £150,000 publication figure for senior employees identified by name was in accordance with the Local Government Transparency Code 2015.

**RESOLVED: That Council**

- 1 be recommended to approve and publish the Pay Policy Statement for 2021/22; and**
- 2 delegate authority to the Monitoring Officer to make any necessary in year amendments to the Statement.**

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## **Staffing Committee**

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**Date of Meeting:** 21 January 2021

**Report Title:** Pay Policy Statement 2021/22

**Senior Officer:** Sara Barker - Head of HR

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### **1. Report Summary**

- 1.1. Section 38 of the Localism Act (2011) requires Local Authorities to produce a Pay Policy Statement by 31<sup>st</sup> 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).
- 1.2. The Pay Policy Statement for 2021/2022 which reflects the expected position as at 1<sup>st</sup> April 2021 is attached as Appendix 1. Changes since last year's Statement are outlined in section 6.4 of this report.

### **2. Recommendation/s**

- 2.1. That the changes since the 2020/21 Pay Policy Statement be noted as outlined in section 6.4 of this report.
- 2.2. That the attached Pay Policy Statement for 2021/22 be recommended by Staffing Committee to Council for approval and published accordingly.
- 2.3. That the agreed Pay Policy Statement for 2021/22 is reviewed in-year and any further changes are approved by the Monitoring Officer and published accordingly.

### **3. Reasons for Recommendation/s**

- 3.1. 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<sup>st</sup> March prior to the financial year to which it relates.

#### **4. Other Options Considered**

4.1. Not applicable.

#### **5. Background**

5.1. The purpose of the Pay Policy Statement is to increase accountability, transparency and fairness with regard to the Council's approach to pay with particular focus on its Chief Officers.

#### **6. Key Updates to the Pay Policy Statement**

6.1. The Pay Policy Statement 2021/22 follows the style and format of the Statement published in 2020/21. 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.

6.2. The Statement has again been designed to be user friendly for public consumption and should require minimal updates each subsequent year.

6.3. The links to further information will be updated as appropriate through the coming year.

6.4. Changes since the last Pay Policy Statement:

6.4.1. Section 3.2 – the annual performance related pay incentive has been removed as a component of reward for senior posts as the Council are currently seeking to remove PRP. This is subject to further consultation with Trade Unions and employees/union members.

6.4.2. Section 3.4 – includes an update on the proposed new JNC pay structure for Chief Officers to remedy some outstanding anomalies. The new structure will be implemented during 2021/22, subject to further consultation with Trade Unions and employees/union members.

6.4.3. Section 3.5 – reflects a small change in the broad remuneration ranges for Chief Officers (Tiers 1-3) due to a 2.75% national pay increase in April 2020. The current salary package for the Chief Executive (Tier 1) has also been changed to a spot salary as stated rather than a salary range which is in line with the removal of PRP.

6.4.4. Section 3.6 – updates on further proposed changes to the NJC pay structure, including the removal of grade overlaps up to Grade 8 and the removal of the minimum spinal column point (SCP27) in Grade 9. This is subject to further consultation with Trade Unions and employees/union members.

- 6.4.5. Section 4 – updated the lowest pay point to £9.25 an hour in line with the national pay increase from 1<sup>st</sup> April 2020.
- 6.4.6. Section 5 – new appointments will be made in accordance with the JNC pay structure rather than the ‘achieving rate’ for the grade; reflecting the proposal to remove PRP.
- 6.4.7. Section 6 – the salary sacrifice lease car scheme is only applicable for salary sacrifice vehicles ordered before 7<sup>th</sup> September 2020 as the scheme ended on 15<sup>th</sup> September 2020.
- 6.4.8. Section 8 – reference to the Council’s Organisational Change Policy and Procedure has been included and that employees with two or more years’ service may be entitled to a redundancy payment. Reference to overtaken and outstanding leave regarding termination of employment has been updated in line with the Council’s latest Leaving the Council Policy and Procedure. An important note has been included about the Restriction of Public Sector Exit Payments Regulations 2020 which came into effect on 4<sup>th</sup> November 2020. This legislation introduced a £95,000 cap on exit payments. An update has also been provided on the proposed reform of the Discretionary Payments Regulations and LGPS Regulations. Proposals for change are still awaited from the government and the Council’s position will be considered once these changes are published. The Council’s policies and procedures are also currently under review in light of these changes.
- 6.4.9. Sections 10 and 11 – re-ordered so that Section 10 is Mutually Agreed Resignation Scheme (MARS) and Section 11 is Settlement Agreements. The section on MARS has also been revised to state that a decision is taken each year whether to run the scheme or not by the Chief Executive.
- 6.4.10. Annex 1 – external and internal links have been updated so that they refer to the current documents, policies and procedures.

## **7. Implications of the Recommendations**

### **7.1. Legal Implications**

- 7.1.1. 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).
- 7.1.2. In addition, the Local Government Transparency Code (2015) requires information on organisational structure, senior salaries and pay multiples to be published annually each year.

- 7.1.3. This report and the accompanying Pay Policy Statement, with associated links in Annex 1, once approved and adopted ensures that Cheshire East Council complies with these requirements.

## **7.2. Finance Implications**

- 7.2.1. There are no direct financial implications associated with approving the updated Pay Policy Statement 2021/22 and no budgetary adjustments are proposed in relation to this report.

## **7.3. Policy Implications**

- 7.3.1. 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, changes are subject to the approval of full Council.

## **7.4. Equality Implications**

- 7.4.1. There are no direct equality implications associated with approving the updated Pay Policy Statement 2021/22, any potential implications relating to pay are addressed within the relevant pay policies.

## **7.5. Human Resources Implications**

- 7.5.1. Associated pay policies and HR support must comply with the Pay Policy Statement.

## **7.6. Risk Management Implications**

- 7.6.1. 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.

## **7.7. Rural Communities Implications**

- 7.7.1. There are no direct implications for rural communities.

## **7.8. Implications for Children & Young People/Cared for Children**

- 7.8.1. There are no direct implications for children and young people.

## **7.9. Public Health Implications**

- 7.9.1. There are no direct implications for public health.

## **8. Ward Members Affected**

8.1. There are no specific ward members affected.

## **9. Consultation & Engagement**

9.1. The Pay Policy Statement 2021/22 will be shared with Trade Unions.

## **10. Access to Information**

10.1. Background papers relating to this report can be inspected by contacting the report writer.

## **11. Contact Information**

11.1. Any questions relating to this report should be directed to the following officer:

Name: Craig Hughes

Job Title: HR Business Partner

Email: [craig.hughes@cheshireeast.gov.uk](mailto:craig.hughes@cheshireeast.gov.uk)

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## **Pay Policy Statement 2020/21**

### **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 Council, this policy statement will come into effect on the 1<sup>st</sup> April 2021 superseding the 2020/21 statement and will continue to be reviewed on an annual basis.

### **2. Background**

In determining the pay and remuneration of all of 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 are able to 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. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use

of 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.

### 3. Pay Structure

#### Senior Management

##### 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 for job size, capability, performance (objectives and behaviours) and market rates (where these may be relevant, with evidence).
- Reward for senior roles will be fair and proportionate by comparison to reward for the wider workforce.

##### 3.2 Reward components

For many senior posts, reward will continue to comprise basic salary and a range of benefits. Reward will **not** include an annual performance related pay incentive as the Council are seeking to remove Performance Related Pay (PRP). This is subject to further consultation with Trade Unions and employees/union members.

The components are described as follows:

- **Basic salary:** This is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual.
- **Benefits:** The Council provides a range of benefits, some of which are guaranteed and form a part of the contract of employment. Generous holiday and access to the Local Government Pension Scheme (LGPS) are principal benefits.

As previously stated, PRP is being removed so no employee will be in receipt of a performance related pay incentive during 2021/22.

##### 3.3 Job Evaluation and Banding

The Council uses the Hay Group job evaluation scheme to position roles into the Cheshire East Senior Management pay bands. The bands are linked to Hay Job Evaluation points ranges which have been determined as part of the Council's operating model.

### 3.4 Senior Manager Pay Structure

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 evaluation process which equates to a pay band on the Council's senior manager pay structure.

A review of the JNC Pay Structure for Chief Officers was carried out in 2020 to remedy some outstanding anomalies, and a new pay structure has been proposed. This will be implemented during 2021/22, subject to further consultation with Trade Unions and employees/union members. The **current** pay structure for senior managers who are subject to JNC conditions of service can be seen by accessing the [senior manager pay and grading structure](#).

As previously stated (see para 3.2), each grade within the senior manager pay structure will no longer have an achieving rate and the potential for a defined exceeding performance award during 2021/22 as the Council are seeking to remove this scheme.

In addition, there is a small proportion of public health employees who transferred under TUPE to the Council on NHS Pay and Terms and Conditions on 1<sup>st</sup> April 2013 and these employees remain on the terms and conditions of their previous NHS employer.

### 3.5 Chief Officer remuneration

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 posts falling within the statutory definition are set out below, with details of their salary packages.

#### **Chief Executive – Tier 1**

- The current salary package of the post is £155,153.

#### **Chief Officer – Tier 2** (direct reports to the Chief Executive)

- The salary package of these posts falls within a range of £119,955 to £136,313.

#### **Deputy Chief Officer – Tier 3** (direct reports to Tier 2 managers)

- The salary package of these posts falls within a range of £77,862 to £105,670.

### 3.6 Pay and grading structure for employees

The **current** [pay and grading structure for employees](#) on NJC (National Joint Council for Local Government Services) is also available.

The Council reviewed its local pay structures (Grades 1 to 12) as a result of the two-year national agreement which covered the period 2018-2020 and introduced an interim structure in June 2019 which assimilated all employees on to the new NJC Pay structure in line with the National Agreement. These changes brought Cheshire East Council in line with the NJC for Local Government Services pay structure and the revised national pay spine (spinal column points).

More recently, further changes to the NJC pay structure have been proposed; including the removal of grade overlaps up to Grade 8 and the removal of the minimum spinal column point (SCP27) in Grade 9. The revised NJC pay structure is subject to further consultation with Trade Unions and employees/union members.

#### **4. Living Wage**

As a result of the 2018-20 NJC pay agreement, it is no longer necessary to pay a Local Living Wage supplement because the updated pay points for the lowest paid employees have been increased and now exceed the National Living Wage. For information, the lowest pay point is £9.25 an hour with effect from 1<sup>st</sup> April 2020, and future pay awards are intended to take this into account in order to maintain parity with National Living Wage requirements.

#### **5. Recruitment of Chief Officers**

The Council's policy and procedures with regard to recruitment of Chief Officers is set out in the Council's Constitution and Scheme of Delegation and is undertaken by an Appointment Panel made up of members of the Staffing Committee in accordance with arrangements set out in the Constitution. Full Council approval will be sought for the establishment of a role on a salary package exceeding £100,000 where remuneration departs from the pay policy statement.

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, Mindful Employer, Redeployment Procedure and Equality in Employment Policy.

The determination of 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, although this can be varied on an exceptional basis where necessary to secure the best candidate and will take into account the appointee's existing pay and their relevant experience and qualifications taking account of equal pay within the Council.

From time to time, it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such 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 regular intervals 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
- Salary Sacrifice Lease Car Scheme (only applicable for salary sacrifice vehicles ordered before 7<sup>th</sup> September 2020 as this scheme ended on 15<sup>th</sup> September 2020)
- 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. Local Government Pension Scheme (LGPS)**

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.

In order 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, is set out within the Leaving the Council Policy & Procedure and for those eligible for retirement, in the Leaving the Council Policy & Procedure and are 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 and the Leaving the Council Policy & Procedure.

The Council reserves the right to change all discretionary elements.

**Important Note:** The Restriction of Public Sector Exit Payments Regulations 2020 came into effect on 4<sup>th</sup> November 2020. This legislation introduced a £95,000 cap on exit payments. Exit payments include all redundancy payments, severance payments, pension strain costs – which arise when an LGPS pension is paid unreduced before a member's normal pension age – and other payments made as a consequence of termination of employment.

Payments related to death in service or ill health retirement, pay in lieu of holiday, payments made in compliance with an order made by a court or tribunal and payments in lieu of notice that do not exceed a quarter of a person's salary are not exit payments for the purposes of these regulations. Although statutory (compulsory) redundancy is included as an exit payment it cannot be reduced. If the cap is exceeded, other elements that make up the exit payment must be reduced to achieve an exit payment of £95,000 or less.

The government also consulted on a proposed reform of the Discretionary Payments Regulations and Local Government Pension Scheme (LGPS) Regulations. The proposed changes to regulations place additional restrictions on severance payments and a limit on the amount an employer can contribute to pension strain costs where an employee draws their pension early as a result of redundancy or efficiency of the service. Proposals for change on the reform of Discretionary Payments Regulations and LGPS Regulations are still awaited from the government and the Council's position will be considered once these changes are published. The Council's policies and procedures are also currently under review in light of these changes.

## **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.

### **10. Mutually Agreed Resignation Scheme (MARS)**

The Council had 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 each year whether to run the scheme or not by the Chief Executive.

### **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 threatened 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. Pay Multiples**

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](#).

### **13. 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, taking into account 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 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 Leader and the relevant Portfolio Holder. 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.

**14. Publication and access to information**

Upon approval by Council, this Statement will be published on the Council's website ([www.cheshireeast.gov.uk](http://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.

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.

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Prepared by: HR Strategy and Policy Team

Date: January 2021

Review date: January 2022

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## 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 [hrcommunications@cheshireeast.gov.uk](mailto:hrcommunications@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 for 2019/20](#)

### 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](#)
- [Disability at Work Commitment](#)
- [Mindful Employer](#)
- [Redeployment Procedure](#)
- [Equality in Employment Policy](#)
- [Relocation and Excess Travel Policy and Procedure](#)

For those seeking to access copies of policies and procedures externally, please email [hrcommunications@cheshireeast.gov.uk](mailto:hrcommunications@cheshireeast.gov.uk) to request copies of the relevant documents.

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**COUNCIL – 17 FEBRUARY 2021****NOTICES OF MOTION****Submitted to Council in Accordance with paragraph 1.34 of the Council Procedural Rules****1 Universal Credit****Proposed by Councillor L Smith and Seconded by Councillor D Marren**

This Council notes:

- This April the Government plan to cut the benefit level for millions of claimants by ending of the time limited increase to the basic rate of Universal Credit (and the tax credit equivalent) announced by the Chancellor on 20th March as part of his pandemic response package.
- The £20 a week boost reflected the reality that the level of benefits were not adequate to protect the swiftly increasing number of households relying on them as the crisis hit. Exactly because that increase was a very significant and welcome move to bolster low- and middle-income families living standards, its removal will be a huge loss.
- Pressing ahead would see the level of unemployment support fall to its lowest real-terms level since 1990-91, and it's lowest ever relative to average earnings. Indeed, the basic level of out-of-work support prior to the March boost was – at £73 a week (£3,800 a year) – less than half the absolute poverty line.
- The increase in benefits have had a positive effect on the lives of thousands of local claimants who are better able to pay for life's essentials such as food, clothing and utilities.
- The local economy has also benefited from the increase in benefit levels as claimants spend their money locally thereby supporting local businesses and jobs.

This Council resolves to:

- Write to the Chancellor, Rushi Sunak and to the Prime Minister, Boris Johnson demanding that the £20 increase to Universal Credit is made permanent and extended to claimants on legacy benefits.
- Work with other local government organisations to form a coalition to pressure the government to make the £20 increase to Universal Credit permanent.

**2 International Holocaust Remembrance Alliance definition of Anti-Semitism**

**Proposed by Councillor S Gardiner and Seconded by Councillor M Asquith**

This Council reaffirms its commitment to employ the International Holocaust Remembrance Alliance (IHRA) definition of anti-Semitism as a key pillar of the Council's equality and diversity policies.

*Background:*

*Cabinet approved the adoption by the Council of the International Holocaust Remembrance working definition of antisemitism at its meeting on 6th November 2018*  
<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=241&MID=7080#A143416>

**3 Covid 19 Vaccination Programme Thanks**

**Proposed by Councillor R Bailey**

This Council places on record their thanks to all involved in the Covid 19 vaccination programme within Cheshire East. This includes all health staff, Cheshire Fire and Rescue Service and volunteers.

Briefing Note	<b>Motion of No Confidence</b>
To	All Members of Cheshire East Council
From	Monitoring Officer
Dated	8 February 2021

### **Purpose**

To advise the Deputy Mayor and Council on the motion proposed by Cllr Wardlaw in respect of the Mayor.

### **Formalities**

Cheshire East Council's constitution allows for Notices of Motions at budget council.

The Notice of Motion is properly received within time.

- Vexatious: to be vexatious it would require there to be insufficient grounds, or so little evidence that no reasonable person could vote for the motion.
- Irrelevant: The identity and conduct of the Mayor is a relevant consideration for the Council.
- Defamatory: damaging the good reputation of someone; slanderous or libellous. The motion simply refers to matters already in the public domain.
- Frivolous: A decision on a Mayor continuing in office is a serious.
- Offensive: Although the Notice of Motion may cause the Mayor to feel resentful, upset, or annoyed, it would not necessarily have the same impact upon a reasonable bystander.
- Otherwise improper: No suggestion of impropriety, but the legal and constitutional framework provide for an alternate route to resolve the underlying factual matrix.

### **Considerations**

Although the Notice of Motion falls within the remit of full council, the proposed resolution requires Council to base its decision on clear evidence.

The Localism Act 2011, the constitution and common-law, provide a framework for Councils to make decisions if *'our Mayor's participation in that meeting has led us to believe he has brought this Council and his role within this Council into disrepute.'* and *'The inaction of the Mayor could be seen as a demonstration of his complicity in the bullying that occurred,'*

This is a statement of belief and appearance. To establish if there is any merit in the suggestion made will require the motion to be referred to the Member Code of Conduct process and eventual consideration by the Standards Committee. The Standards Committee after receiving a full report of the investigation, hearing from the participants, considering the views of the independent person, ensuring a fair and impartial process is followed may then refer the matter to full council with any findings or recommendation.

**Conclusion**

The motion has been tabled but it may not proceed to debate and must be referred to the Standards Committee who are responsible for the Member Code of Conduct & complaint process.

**4 Mayor of Cheshire East Council**

**Proposed by Councillor L Wardlaw and Seconded by Councillor J Saunders**

The recent national coverage of the Handforth Parish Council meeting and our Mayors' participation in that meeting has led us to believe he has brought this Council and his role within this Council into disrepute.

He made no attempt to intervene as it became clear participants in that meeting were being bullied.

The work that has been done at Cheshire East over the last 3 years with the cooperation and commitment of all Members and officers to transform its culture and reputation from one of bullying and intimidation has been undermined by this sad episode.

The inaction of the Mayor could be seen as a demonstration of his complicity in the bullying that occurred, and this cannot be ignored if the integrity of the Brighter Futures Programme is to be maintained.

The role of Mayor is one that should promote Cheshire East Council, its residents, and its businesses across the country. In accepting the role as representative of Her Majesty Queen Elizabeth, the Mayor should be mindful at all times of his reputation and of those he represents. Sadly, the recent highly publicised events have shown that this has not been the case for Cllr Mr Barry Burkhill.

**Motion**

In light of the above this Council resolves that it has no confidence in the Mayor and that his term of office as Mayor and Chairman of the Council will cease immediately.

# Schedule of Urgent Decisions

## Urgent decisions made following Member consultation

Date	Summary of decision	Decision on behalf of	Members, MO/S151 consulted/content?	Status
26 01 21	<p>Approval of a Supplementary Revenue Estimate, of £32,750,705, to be funded from the <b>Business Support Package for January Lockdown.</b></p> <p>The Executive Director-Place be authorised to develop necessary policies and procedures, and to distribute funding, subject to the conditions, subject to consultation with the appropriate Portfolio Holder.</p> <p>The Executive Director-Corporate Services be authorised to develop necessary policies and procedures, and to distribute funding, subject to the conditions, subject to consultation with the appropriate Portfolio Holder.</p>	Council	Yes	Completed
29 01 21	<p>Approve a Supplementary Revenue Estimate of £1.361m to be funded from the Adult Social Care Rapid Testing Fund for Local Authorities' allocation for Cheshire East Council.</p> <p>Authorise the distribution of the first 80% of the funding to eligible care home providers in accordance with the DoHSC funding conditions.</p> <p>Authorise the Executive Director People in consultation with the Portfolio Holder for Adult Social Care and Health to utilise the 20% balance of the funding to support the wider care market with Covid 19 LFD testing in accordance with the funding conditions and guidance.</p>	Council	Yes	Completed

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