

Economy and Growth Committee

Agenda

Date: Tuesday 14th November 2023
Time: 2.00 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

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

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

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

1. **Apologies for Absence**

To note any apologies for absence from Members.

2. **Declarations of Interest**

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

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

To approve as a correct record the minutes of the meeting held on 12 September 2023.

For requests for further information

Contact: Rachel Graves

Tel: 01270 686473

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

4. **Public Speaking/Open Session**

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

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

5. **The Great British Insulation Scheme and Eco Flexibility** (Pages 11 - 24)

To consider the report on the Flexible Eligibility Statement of Intent for ECO4 and the Great British Insulation Scheme.

6. **Second Financial Review 2023/24** (Pages 25 - 60)

To receive the report on the second financial review of 2023-24.

7. **Medium Term Financial Strategy Consultation 2024/25 - 2027/28**
(Pages 61 - 74)

To consider a report on the Medium Term Financial Strategy Consultation for 2024/25 – 2027/28.

8. **2023/2024 Mid-Year Performance Review - Growth and Enterprise**
(Pages 75 - 92)

To receive an update on performance across Growth and Enterprise department for the first half of 2023-2024.

9. **Notice of Motion: Commission an Independent Hydrogeology Report for the South Macclesfield Development Area** (Pages 93 - 98)

To consider the Notice of Motion.

10. **Crewe Business Improvement District** (Pages 99 - 138)

To consider the way the Council should vote in the Business Improvement District ballot.

11. **Work Programme** (Pages 139 - 140)

To consider the Work Programme and determine any required amendments.

12. **Royal Arcade Phase 2, Crewe** (Pages 141 - 154)

To consider the position on the delivery of Phase 2 of the Royal Arcade development scheme in Crewe town centre and the options for the next steps.

13. Exclusion of the Press and Public

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

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 3, 5 and 7A of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

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

14. Royal Arcade Phase 2, Crewe (Pages 155 - 174)

To consider the confidential appendices.

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

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Economy and Growth Committee**
held on Tuesday, 12th September, 2023 in the Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors D Brown, A Critchley, B Drake, M Gorman, A Harrison, A Heler,
G Marshall, C Naismith, C O'Leary, P Redstone and F Wilson

OFFICERS IN ATTENDANCE

Peter Skates, Acting Executive Director Place
Charles Jarvis, Head of Economic Development
Steve Reading, Finance Officer
Mandy Withington, Team Manager Legal Services
Rachel Graves, Democratic Services Officer

22 APOLOGIES FOR ABSENCE

Apologies were received from Councillor J Clowes. Councillor A Harrison attended as substitute.

23 DECLARATIONS OF INTEREST

In relation to Item 5 – Farms Policy, Councillor A Heler declared that she had a cousin who was a tenant on a Council farm.

In relation to Item 6 – Handforth Garden Village, Councillors P Redstone declared that he had previously been a member of the Strategic Planning Board where the Handforth Garden Village had been discussed.

In relation to Item 6 – Handforth Garden Village, Councillors A Critchley declared that he was a member of the Strategic Planning Board that had approved Handforth Garden Village planning application.

24 MINUTES OF PREVIOUS MEETING**RESOLVED:**

That the minutes of the meeting held on 10 July 2023 be approved as a correct record.

25 PUBLIC SPEAKING/OPEN SESSION

Sue Helliwell attended the meeting and spoke in relation to Item 5 – Farms Policy and stated that she had concerns about the Council selling off agricultural land and that the Council should be supporting any young person who wanted to start out in farming rather than selling the land for housing. She asked how the Council advertised that they had farms for tenancy. She stated that the report said that there could be solar panels on some farms and asked if this was the case, would the Council get the investment from renewable energy, or would it sell the land off and allow others to profit? She also asked if any farmland would be turned into allotments that town and parish councils would take on and that town and parish councils' precept would reflect this, and what happened if a town or parish council does not wish to take on the allotment? She stated that no amount of tree planting was going to make a difference to a climate emergency as would just be replacing the trees that have been chopped down elsewhere for housing and in some cases, it would take over 30 years for some trees to fully mature. She appreciated that the Council was under considerable financial constraints, but selling off green and pleasant pastures was not the answer and stated that she had been told that thousands were being spent on adult social care, and asked how much was going on private care homes?

The Chair responded that this report was the start of the review and that there was no-preconceptions of what the outcome would be. A report would be brought back to the Committee come back with recommendations. It would be up to the Advisory Group to consider the selling of land and other uses for the land. The Chair confirmed that the farms were advertised on the Cheshire Farms' website, in the local press and in the national farming press such as the Farmers Guardian and Farmers Weekly, and that the adverts were shared by other groups to their members - for example Cheshire NFU and Cheshire Young Farmers. In terms of renewable energy, the Council was looking to invest in renewable energy and reports relating to solar farm investment had previously been considered by the Committee. With regards to the question on land being used for allotments, this was for consideration as part of the review. This was not the committee for asking about social care. The Council did not own any care homes so will be paying the private sector for this as the Council had a statutory duty to provide care.

Councillor Rachel Bailey spoke in relation to Item 5 – Farms Policy and stated that she believed a policy of allowing new entrants to benefit from our Farm Estate also supported local communities and the Rural Economy. She stated that it was important for the Member Advisory Group to have a balance of representation and knowledge and asked for the inclusion of the Cheshire National Farmers Union, Cheshire Young Farmers and Reaseheath College in those presenting evidence. She also asked that the meetings were announced on the Council's Website and open to public attendance. She referred to Table 1 para 15 Terminations & Grants 2012 to 2023 and stated that this suggested that farms had

already been taken out of action, without a supporting policy and paragraph 23 which stated that '47.36 hectares identified for woodland creation this autumn and feasibility work on a further 88.60' and asked what precedent did this set and how would Members ensure the updated policy was little more than a retrofit. Cllr Bailey also asked if the policy review included the land at Leighton Hall Farm, which whilst purchased as part of the farms policy, the supporting property remained empty and the land beyond the Biowise food and garden waste plant, was rented to a neighbouring farm.

26 FARMS POLICY

The Committee considered the report which set out the process to be undertaken to refresh the policy for the Council's farms estate.

The current policy, which was agreed in 2012 and reviewed in 2018, was to offer modern tenancies to new entrants on larger, more economic, holdings with the aim of supporting entrants into the farming and required tenants to manage the land in a manner that balanced economic and good environmental practice. The farm estates generated a gross income for the Council of approx. £788k.

Since the policy was agree there had been changes which could impact on the Council's approach to the farm landholdings. These included the way Central Government approached farming continued to change; the Council had pledged to be carbon neutral by 2025 and to use its influence to assist the Borough to be carbon neutral by 2045, and the Council was in a fundamentally different economic position than it had been in the past with increasing pressures on capital and revenue budgets.

The report proposed that a Member Advisory Group of 5 members, on a proportional basis, be established to receive evidence and consider the options and advise on the setting of any recommendations with the objective that a revised policy be adopted in 2024/2025.

RESOLVED: That the Committee

1. approve that a review of the Farms Policy is undertaken and engagement with key stakeholders is progressed.
2. approve the setting up of a Member Advisory Group to give direction, receive evidence, and advise on the options and enable a draft revised policy for 2024/2025.
3. note that a further report will be presented to Committee outline the outcome of the review and seeking endorsement to a new policy.

27 HANDFORTH GARDEN VILLAGE PROGRESS UPDATE

The Committee considered the report which provided an update on the Handforth Garden Village since last discussed by the Committee in February 2023.

The Handforth Garden Village was a major long-term project for the Council, which had the capacity to generate capital receipts and presented an exemplary opportunity to promote sustainable development and place making.

Following the approval of the planning application in January 2023, the Economic Development Team had been working to progress the key actions. Expert advisers had been instructed to update the valuation from the original 2021 assessment with indications that the garden village would be financially viable and cash positive for the Council. A report on this work would be brought to the Committee later in the year. A separate team had been appointed to undertake optimisation work examining the current proposals for the initial preparation and infrastructure work and would seek to maximise deliverability whilst still meeting anticipated planning requirements.

The Economic Development Team had engaged with the Local Planning Authority to identify an alternative mechanism to enable the obligations set out in the s106 agreement to be secured. It was proposed that a Memorandum of Understanding would be submitted, confirming how and when the relevant obligations in the agreed s106 agreement would be met. This mechanism would overcome the issue that the Council as landowner could not enter into a legal agreement with the Council as Local Planning Authority.

A Member Advisory Group was proposed to be set up with five members from the Economy and Growth Committee. The Advisory Group would advise officers on activity associated with the development of Handforth Garden Village, which would have implications and impacts on the Council's reputation and/or on the broader local community.

In response to a question on the sustainable development of the Garden Village, the Head of Economic Development responded That the key principle of a garden village were a that was a sustainable community with the buildings being sustainable and it was a sustainable place for people to live, with employment opportunities, leisure facilities, schools and other facilities you would expect to see in a village. There would be a number on site and off site mitigations to increase biodiversity and undertook to provide a written response on this.

RESOLVED: That the Committee

- 1 nominate up to five members from the Committee to sit on the Handforth Garden Village Member Advisory Group and subject to

nominations received and appointments approved by the Head of Governance and Democratic Services in line with the relevant protocols in the Constitution.

2. Delegate authority to the Director of Growth & Enterprise (current Acting Executive Director – Place), to finalise, sign and submit Memoranda of Understanding to the Local Planning Authority, committing the Council as landowner/developer to meet obligations of the s.106 Agreement associated with planning permission 19/0623M.
3. recommend to the Finance Sub-Committee that the existing Handforth Garden Village budget in the Council's Capital Programme is separated into two project budgets, with the new project being titled Handforth Garden Village S.106 Development Obligations and having a budget currently estimated as circa £7m to cover the first tranche of S.106 contributions associated with the initial infrastructure works.
4. note the intention of officers to utilise funds allocated for the Garden Village in the MTFS to instruct further priority workstreams in advance of grant of planning permission and approval of the final Business Case.
5. note the intention to bring a further report to Committee once ongoing viability and business case work is completed, to seek authority for the next stage of the project.

28 WORK PROGRAMME

The Committee considered the Work Programme for the remainder of the 2023/24 municipal year.

The Director of Enterprise and Growth reported that an additional item for the November meeting would be the Mid-Year Review of Performance.

It had been mentioned in the Handforth Garden Village discussion that there may be a need for an additional committee meeting in December, but it was currently proposed that this would be an item for the January meeting to ensure that all the information was received to create the business case. However, if the business case was ready for December then approval would be sought to hold the additional meeting.

It was asked if the Committee could receive feedback from the registration pilot for private sector landlords, and also on the UK Shared Prosperity Fund, for which the submission of bids had recently closed.

The Head of Economic Development provided a brief update on the UK Shared Prosperity Fund and reported that 25 applications had been received, which had been appraised independently from the Council

because the Council had also put in applications for bids. The recommendations will be reported to the UKSPF Local Partnership Group in October and following this the successful projects would be known. It was expected that a progress report would be taken to the Corporate Policy Committee, who had originally approved the process.

RESOLVED:

That the work programme be noted.

The meeting commenced at 2.00 pm and concluded at 2.53 pm

Councillor M Goldsmith (Chair)

OPEN

Economy and Growth Committee

14 November 2023

The Great British Insulation Scheme and Eco Flexibility

Report of: Peter Skates, Acting Executive Director Place

Report Reference No: EG/19/23-24

Ward(s) Affected: All

Purpose of Report

1. This report outlines proposed changes to the Council's Statement of Intent for ECO4 Flexible Eligibility to support low-income and vulnerable households to maintain their health and wellbeing in a warm home, in response to the Government's introduction of the Great British Insulation Scheme.

Executive Summary

- 2.1 Fuel prices continue to be of considerable concern to households worried about how they are going to afford to heat their home. Improving the energy efficiency of homes is one practical step that households can take, to reduce the amount of energy that they need to use without compromising their health and wellbeing.
- 2.2. For many low-income households, the pressure on household finances and the rising costs across the building industry means that energy efficiency improvements are unaffordable, and when an emergency happens such as a boiler breakdown, they are not able to afford repairs or a new boiler.
- 2.3. The Energy Company Obligation (ECO4) places legal obligations on energy suppliers to deliver energy efficiency and heating measures to low-income households, including insulating homes and replacing broken

or inefficient fossil fuel heating systems to align with the Government's strategy for net zero by 2050.

- 2.4. The Great British Insulation Scheme is a new government scheme to help more people insulate their homes. The scheme will run until March 2026 and valued at £1 billion will help around 300,000 households across the country to save around £300 to £400 a year on their bills.
- 2.5. The introduction of the Great British Insulation Scheme means that the Council's Flexible Eligibility Statement of Intent needs to be amended to ensure that residents can take advantage of the full extent of this new scheme.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Approve the publication of the Flexible Eligibility Statement of Intent for ECO4 and the Great British Insulation Scheme as outlined in Appendix A.
2. Delegate authority to the Director of Growth and Enterprise in consultation with the Chair of the Economy and Growth Committee to make minor amendments to the policy to ensure its smooth operation and in line with any future Government guidance changes.

Background

- 3.1 The Government consulted on a new energy efficiency scheme from 28 November to 23 December 2022, for the rapid installation of energy efficiency measures to low-income households and those in the least energy efficiency homes in the lower council tax bands. Following this consultation, regulations have been introduced for the Great British Insulation Scheme, which will be delivered up to March 2026.
- 3.2 The Great British Insulation Scheme (GBIS) will complement the existing ECO4 scheme but will mostly target single insulation measures rather than the whole-house approach of ECO. It is expected that loft insulation and cavity wall insulation will be the primary measures delivered through GBIS, but insulation such as solid walls, floors and flat roofs will also be eligible. Under ECO4, households can get assistance with multiple energy efficiency measures including all types of insulation and heating systems such as heat pumps.

- 3.3 Owner-occupiers will be eligible for the scheme if their home has an Energy Performance Certificate (EPC) rating of D – G, and properties in the private rented sector will be eligible with an EPC rating of D – E.
- 3.4 Residents will also need to meet the eligibility criteria for one of the following groups to qualify for the GBIS or ECO:

Qualifying criteria	GBIS	ECO
General eligibility group: Council Tax band A - D	✓	✗
Low-income group: in receipt of at least one of a prescribed list of means tested benefits	✓	✓
Flexible eligibility group:		
Route 1: gross annual household income of no more than £31,000	✓	✓
Route 2: a combination of two or more of the following: <ol style="list-style-type: none"> 1. Living in one of the most deprived areas on the Index of Multiple Deprivation;* 2. In receipt of Council Tax Support; 3. People who are vulnerable to cold as defined by the National Institute of Clinical Excellence guideline NG6 (people with cardiovascular conditions; respiratory conditions; mental health conditions; disabilities; aged 65 and over; children aged 0 to 5; and pregnant women) (this cannot be used in conjunction with living in a deprived area to qualify);* 4. In receipt of free school meals; 	✓	✓

<p>5. Referred to the local authority by the energy supplier or Citizens Advice as struggling with their energy bills;</p> <p>6. Identified by the energy supplier as being in persistent fuel debt.</p> <p><i>* 1 and 3 cannot be used together</i></p>		
Route 3: NHS referrals for a cardiovascular condition, respiratory disease, immunosuppression, or limited mobility.	✓	✓
Route 4: Bespoke targeting in accordance with Government guidance	✗	✓

- 3.5 The GBIS and ECO schemes are administered and funded by the energy suppliers and regulated by Ofgem. However, local authorities have a key role to play in the Flexible Eligibility scheme; Government guidance sets out how participating local authorities are expected to publish a Statement of Intent and verify householders' eligibility for the scheme.
- 3.6 It is not mandatory for local authorities to take part in the Flexible Eligibility scheme, but there are clear benefits for residents who will be able to improve their homes' energy efficiency using energy supplier funding. A Flexible Eligibility scheme has been operated in Cheshire East since October 2022, with 47 residents being verified as eligible for the scheme. To date, this has resulted in energy efficiency improvements for 34 properties, giving them a combined annual energy bill saving of £22,454. This has generated £384,353 investment in Cheshire East and will save 233 tonnes of CO₂ per year. A six-fold increase in enquiries in March 2022 when energy prices started to increase demonstrates how households are very concerned about their energy bills and are exploring ways to make their homes more energy efficient to reduce their spending without compromising their health. The Flexible Eligibility scheme enables us to assist households who may not otherwise receive help.

Consultation and Engagement

- 4.1 No consultation has taken place as the Government has specified the format and content of the Statement of Intent that local authorities must use to comply with the Electricity and Gas (Energy Company Obligation) Order 2023 (ECO4A Order), and there is no opportunity to alter the Statement of Intent based on any consultation.

Reasons for Recommendations

- 5.1 The Council cannot provide declarations to energy suppliers confirming household eligibility under the Flexibility Eligibility scheme without formally adopting a Statement of Intent that sets out the eligibility criteria.
- 5.2 At the Council meeting on 22 May 2019, Members approved a Notice of Motion relating to Climate Change, and committed to “work with all businesses, residents and organisations in Cheshire East to reduce their carbon footprint by reducing energy consumptions and promoting healthy lifestyles”. The Council made a further pledge in January 2022 to make Cheshire East a carbon neutral borough by 2045.
- 5.3 The Council’s Corporate Plan 2021-25 sets out our vision for a more open, fairer, greener Cheshire East. The plan sets out priorities under the three broad aims including “a great place for people to live, work and visit” and “reduce health inequalities”. The proposed revisions to the Council’s policies will enable us to deliver these priorities.
- 5.4 As part of its work to achieve the Borough’s 2045 carbon reduction target the Council has undertaken a base line report listing best practice and options that are informing the development of a 5-year action plan. This identifies a priority for retrofitting building fabric for existing homes and installing electric heating systems as key measures to be taken in reducing the energy consumption and carbon emissions of residential buildings.
- 5.5 There is a strong policy drive for integrated approaches across housing, health, and social care to prevent hospital admissions and expedite hospital discharge, none more so than in the pandemic. Housing’s role in supporting health is becoming more prominent, with research demonstrating the causal link between poor housing conditions and ill health.

Other Options Considered

- 6.1 The Council could do nothing and continue with the Flexible Eligibility Statement of Intent in its current form. Likewise, the Council could decide not to publish a Statement of Intent. This would be to the detriment of low-income and vulnerable residents who would not be able to access funding for insulation and heating improvements.

Option	Impact	Risk
Do nothing	Low-income and vulnerable households will not be able to access funding for insulation and	<ul style="list-style-type: none"> • Increased GP attendances and hospital admissions for cold related ill health and falls • Increased risk of unsustainable household debt

Implications and Comments

Monitoring Officer/Legal

8.1 There are no legal implications for this recommendation.

Section 151 Officer/Finance

9.1 There are no financial implications for this recommendation. The cost of producing the Statement of Intent and its operation is covered by existing staffing budgets. There are no financial contributions required from the Council; all funding is provided directly by the obligated energy suppliers.

Policy

- 10.1 The Flexible Eligibility Statement of Intent contributes to the overall vision of the 2021-2025 Corporate Plan to be an open, fairer, greener Cheshire East. It supports the Council's priority to empower and care about people, and to make Cheshire East a thriving and sustainable place. We are committed to supporting the most vulnerable residents, whilst enabling others to support themselves and lead a prosperous and healthy life and reduce carbon emissions.
- 10.2 In its goal to be carbon neutral by 2025 that is set out in the Environment Strategy 2020-2024, the Council acknowledges its role as a partner and facilitator in reducing borough-wide emissions; the Statement of Intent contributes to this goal.
- 10.3 The Flexible Eligibility Statement of Intent will combat fuel poverty, aligning with the key deliverable of reducing the number of households in fuel poverty as set out in the Joint Health and Wellbeing Strategy 2023-2028.

An open and enabling organisation	A council which empowers and cares about people	A thriving and sustainable place
Not applicable	<p>Reduce health inequalities across the borough</p> <p>– work with partners to address the issues of poor housing, poverty, employment and education opportunities across urban and rural areas</p>	<p>To be a carbon neutral council by 2025</p> <p>To be a carbon neutral borough by 2045</p> <ul style="list-style-type: none"> - To have delivered the milestones in becoming a carbon neutral Council - To use the Council's influence to reduce carbon emissions across the borough

Equality, Diversity and Inclusion

- 11.1 The Flexible Eligibility Statement of Intent will enable the Council to deliver efficient and effective housing services to groups with protected characteristics who are vulnerable, particularly older people and people with a disability or chronic health needs.

Human Resources

- 12.1 The Statement of Intent will be administered by Housing officers within existing resources.

Risk Management

- 13.1 The Council must publish a Statement of Intent to be able to provide declarations confirming household eligibility to energy suppliers. Publication of a Statement of Intent and assessment of applications against the eligibility criteria will ensure that the Council is compliant with this requirement.

Rural Communities

- 14.1 The Flexible Eligibility Statement of Intent will widen the help available for residents across all areas of Cheshire East, however greater benefit is likely to be felt by rural off-gas communities where heating system costs and energy bills tend to be higher.

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

- 15.1 The Flexible Eligibility Statement of Intent will provide opportunities for young people to live in suitable housing and protect the health of children and young people in low-income vulnerable families through improved living conditions.

Public Health

- 16.1 The Flexible Eligibility Statement of Intent will have a positive impact on the health and wellbeing of Cheshire East residents. Housing is widely acknowledged to be an important social determinant of health and wellbeing. Living in a cold home has significant, demonstrable direct and indirect health impacts, with strong evidence to show that it is associated with poor health outcomes and an increased risk of morbidity and mortality for all age groups. Cold and damp homes increase the risk and effects of cardiovascular, respiratory, and rheumatoid diseases, as well as hypothermia and mental ill health.
- 16.2 The Statement of Intent will have a greater positive impact on groups who are more vulnerable to health problems associated with cold and damp homes including young children; older people; pregnant women; people with a physical or mental health condition(s); and people with a disability.
- 16.3 The Flexible Eligibility Statement of Intent will enable the Council to provide housing services that directly impact on public health. Housing improvements will benefit vulnerable residents' mental and physical wellbeing and reduce demand on health and social care services.

Climate Change

- 17.1 Energy use in homes accounts for 23% of carbon emissions in Cheshire East. The Council has committed to becoming carbon neutral by 2025 and to encourage all businesses, residents, and organisations in Cheshire East to reduce their carbon footprint.
- 17.2 The Council made a further pledge to make Cheshire East a carbon neutral borough by 2045. The '2045 carbon target menu of options' submitted to the Environment and Communities Committee in February 2023 identified residential retrofitting households as a key area of influence for the Council in reducing the borough's carbon emissions. Providing support to low-income households who otherwise would not be able to afford to reduce their carbon footprint supports this commitment.

Access to Information	
Contact Officer:	<p>Karen Whitehead, Housing Standards & Adaptations Manager</p> <p>karen.whitehead@cheshireeast.gov.uk</p>
Appendices:	<p>Appendix A – Cheshire East Flexible Eligibility Statement of Intent for the Great British Insulation Scheme and ECO4</p> <p>Appendix B – Equality Impact Assessment</p>
Background Papers:	<p>Great British Insulation Scheme and ECO4 Local Authority Administration Guidance</p> <p>2045 carbon target menu of options</p>

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Cheshire East Council

Flexible Eligibility Statement of Intent

for ECO4 and the Great British Insulation Scheme

Publication Date: xxxxxx

Version: V.2

Published at: www.cheshireeast.gov.uk/helpwithheating

This statement sets out Cheshire East Council's flexible eligibility criteria for the Energy Company Obligation (ECO4) and Great British Insulation schemes which run until March 2026.

The ECO4 scheme will focus on supporting low income and vulnerable households. The scheme will improve the least energy efficient homes helping to meet the Government's fuel poverty and net zero commitments. The Great British Insulation Scheme will support the ECO4 scheme in the delivery of predominantly single measures targeted at a wider range of households.

The flexible approach for Local Authorities (LAs) to identifying fuel poor and vulnerable households who may benefit from heating and energy saving measures is referred to as "ECO4 Flex" and "Great British Insulation Scheme Flex".

The Council welcomes the opportunity to deliver the Flexible Eligibility scheme as it helps the Council achieve its plans to improve the homes of those in fuel poverty or vulnerable to the cold.

The Council is publishing this Statement of Intent (SoI), on **[DATE]** to confirm that each of the households declared will adhere to at least one of the four available routes outlined below.

Route 1: Owner-occupied and private rented sector households with a gross annual income less than £31,000. This cap applies irrespective of the property size, composition, or region.

Route 2: Owner-occupied and private rented sector households that meet a combination of two of the following proxies:

Proxy 1) Homes in England in Lower-layer Super Output Area 1-3 (LSOA) ¹
Proxy 2) A person living at the premises is entitled to a Council Tax reduction on the grounds of low-income, known as 'Council Tax Support'.
Proxy 3) A person living at the premises is considered to be vulnerable to the cold under the National Institute for Health and Care Excellence (NICE) Guidance NG6: Recommendation 2, for a reason other than their low-income ^{2*}
Proxy 4) A child living at the premises is eligible for free school meals, due to low-income ³
Proxy 5) A person living at the premises is supported by a scheme established by the LA/DA that is named and described within their Statement of Intent and established to support people living on a low-income and considered vulnerable to the cold under NICE Guideline NG6.
[NOT IN USE]
Proxy 6) A household referred to the LA for support by their energy supplier or Citizens Advice, because they have been identified as struggling to pay their electricity and/or gas bills.
<p>Proxy 7) Households identified through energy supplier debt data. This route enables obligated suppliers to use their own debt data to identify either non pre-payment meter households (non-PPM), or pre-payment meter households (PPM)*.</p> <ul style="list-style-type: none"> a. Non-PPM customers: These are customers who have been in debt for more than 13 weeks ending with the day on which the declaration is made, and are in a debt repayment plan with their energy supplier or repaying their fuel debt through 3rd party deductions. b. PPM customers: Suppliers may also identify PPM households who:

¹ Published at <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>. The deciles are published in "File 7: all ranks, deciles and scores for the indices of deprivation, and population denominators".

² <https://www.nice.org.uk/guidance/ng6/chapter/1-Recommendations#recommendation-2-ensure-there-is-a-singlepointofcontact-health-and-housing-referral-service-for>

³ Under section 512ZB(4) of the Education Act 1996 or section 53 of the Education (Scotland) Act 1980

- have either self-disconnected or received supplier Discretionary/Friendly credit within the last 13 weeks ending with the day on which the declaration is made; or
- are in a debt repayment plan with their energy supplier; or
- repaying their fuel debt through 3rd party deductions.*

* Note proxies 1 and 3 cannot be used together.

* Proxy 7 cannot be used in combination with proxy 5 or proxy 6.

Route 3: Owner-occupied and private rented sector households that have been identified by either a person registered in the General Practitioner Register, a Scottish Health Board, a Welsh Health Board, an NHS Foundation Trust, or an NHS Trust as vulnerable, with an occupant whose health conditions may be adversely affected by living in a cold home. These health conditions must be cardiovascular, respiratory, immunosuppressed, or limited mobility related.

Route 4 [applicable to ECO4 Flex only]: Owner-occupied and private rented sector households that are referred under Route 4: Bespoke Targeting. Suppliers and LAs can apply to the Department for Energy Security and Net Zero where they have identified new methods to identify low-income and vulnerable households. Applications need to demonstrate several factors, including that the proposed methodology is more effective at identifying households in fuel poverty than the criterion offered under Routes 1 and 2.

Scheme eligibility

All potentially eligible households should apply through Cheshire East Council or an approved ECO / Great British Insulation Scheme installer, to see if they can either benefit from the scheme or be assessed for eligibility under any other relevant programme.

The service below will be responsible for checking and verifying evidence, and issuing declarations. For any general enquiries relating to this SoI please contact:

Strategic Housing – Sustainable Warmth team

Telephone: 0300 123 5017 option 4

Email: warm@cheshireeast.gov.uk

CEO or dedicated responsible person mandatory signature

Cheshire East Council will administer the ECO4 Flex scheme according to the Electricity and Gas (Energy Company Obligation) Order 2022 (ECO4 Order).

The Council will administer the Great British Insulation Scheme Flex according to the Electricity and Gas (Energy Company Obligation) Order 2023 (ECO4A Order).

The CEO/ dedicated responsible person of the Council will oversee the process of identifying eligible households under ECO Flex and Great British Insulation Scheme Flex. The Council will notify Ofgem of households that declarations have been issued for via the declaration notification template.

All personal data collected or processed by Cheshire East Council for the purposes of ECO4 Flex or Great British Insulation Scheme Flex will be processed and stored in accordance with the Council's obligations under UK GDPR and the Data Protection Act 2018, the Council's data protection policy, the Information Commissioner's Office Data Sharing Code and other guidance, and Department for Energy Security and Net Zero guidance.

Signature:

Name:

Job Title:

Date of signature:

OPEN

Economy and Growth Committee

Tuesday, 14 November 2023

Second Financial Review 2023/24

Report of: Alex Thompson, Director of Finance and Customer Services (s151 Officer)]

Report Reference No: EG/09/23-24

Ward(s) Affected:

Purpose of Report

- 1 This report provides Members with the second review of the Cheshire East Council forecast outturn for the financial year 2023/24. Members are being asked to consider the serious financial challenges being experienced by the Council (and other councils) and to recognise the important activities aimed at minimising the impact on services.
- 2 Members of the Committee are being asked to consider the financial performance of the Services relevant to their terms of reference.

Executive Summary

- 3 The Council operates a financial cycle of planning, monitoring and reporting. This review is part of the monitoring cycle and provides a forecast outturn position for the 2023/24 financial year. The information in this report also supports planning for next year's budget. This report supports the Council priority of being an open and enabling organisation, ensuring that there is transparency in all aspects of Council decision making.
- 4 The full report was received by Finance Sub Committee on 2 November 2023. Service Committees will receive the sections relevant to their committee (see Appendices).

RECOMMENDATIONS

The Economy and Growth Committee:

1. Consider the report of the Finance Sub Committee: [Finance Sub-Committee, 2nd November, 2023](#)
2. Consider the factors leading to a forecast Net Revenue financial underspend of (£1.9m) against a revised budget of £24.8m (7.6%).
3. Consider the forecast and any further mitigations to be identified.
4. Consider the in-year forecast Capital Spending of £55.0m against an approved MTFS budget of £71.6m, due to slippage that has been re-profiled into future years.
5. Scrutinise the contents of Annex 1 and Appendix 4 and note that any financial mitigation decisions requiring approval will be made in line with relevant delegations.
6. Note that Council will be asked to approve the fully funded supplementary revenue estimate over £1,000,000 in accordance with Financial Procedure Rules as detailed in Annex 1, Appendix 4, Section 3 Corporate Grants Register, Table 2.

Background

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

Access to Information	
Contact Officer:	<p>Alex Thompson, Director of Finance and Customer Services (s151 Officer) alex.thompson@cheshireeast.gov.uk</p> <p>Paul Goodwin, Head of Finance & Deputy Chief Finance Officer paul.goodwin@cheshireeast.gov.uk</p>
Appendices:	<p>1 Second Financial Review 2023/24</p> <p>2 Annex 1 – Second Financial Review 2023/24</p>
Background Papers:	<p>Medium Term Financial Strategy 2023-27</p> <p>First Financial Review 2023/24</p> <p>Second Financial Review 2023/24</p>

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Finance Sub Committee

2 November 2023

Second Financial Review 2023/24

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

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

Ward(s) Affected: Not applicable

Purpose of Report

- 1 This report provides Members with the second review of the Cheshire East Council forecast outturn for the financial year 2023/24. Members are being asked to consider the serious financial challenges being experienced by the Council (and other councils) and to recognise the important activities aimed at minimising the impact on services.
- 2 The report highlights the ongoing negative impact of high inflation, rising interest rates and increasing demand for services since the Council set its budget in February 2023. Annex 1 of the report highlights in detail what the Council is forecasting to achieve as part of the 2023/24 budget. Tables include updates to items identified in the MTFS plus further items identified in-year.
- 3 Reporting the financial forecast outturn supports the Council's vision to be an open Council as set out in the Corporate Plan 2021 to 2025. In particular, the priorities for an open and enabling organisation, ensure that there is transparency in all aspects of Council decision making.
- 4 The report also requests Member approval for amendments to the Council's budget in line with authorisation levels within the Constitution.

Executive Summary

- 5 The Council operates a financial cycle of planning, monitoring and reporting. This review is part of the monitoring cycle and provides a forecast outturn position for the 2023/24 financial year. The information

in this report also supports planning for next year's budget. This report supports the Council priority of being an open and enabling organisation, ensuring that there is transparency in all aspects of Council decision making.

- 6 The Council set its 2023/24 annual budget in February 2023. The budget was balanced, as required by statute, and included important assumptions about spending in the year. The budget is part of the Medium-Term Financial Strategy (MTFS) 2023 to 2027.
- 7 The MTFS for 2023/24 included £70m of service growth and £42m of service savings. The equivalent figures for 2022/23 were £21m of growth and £7m of savings. This highlights the challenge of delivering the 2023/24 budget even before the impact of increased demand, prevailing high inflation and rising interest rates.
- 8 The first financial review of 2023/24, reported to Corporate Policy Committee in October 2023, reported a pressure of £12.8m, reduced from £26.6m through potential mitigations. The report highlighted further activities that would be instigated to address current spending forecasts and income levels.
- 9 Prices, and demand, for services to support children and adults that require Council services continue to rise, reflecting complexity of care needs and market conditions.
- 10 Despite further savings of £4.3m being identified the overall spending forecasts have increased. The second financial review of 2023/24 is forecasting a pressure of £18.7m by 31 March 2024, an increase of £5.9m compared to first financial review.
- 11 The financial pressures being experienced by Cheshire East Council are not unique. Headlines published about local government finance including the BBC highlight that:
 - (a) councils will be £5.2bn short by April 2026 (after making £2.5bn of planned reductions),
 - (b) the average council facing a £33m deficit,
 - (c) £1.1bn of reserves will be required to balance in 2023/24.
- 12 Local authorities that have committed, or are likely to commit to, financial activities beyond their legal means must issue a s.114 notice. This has already happened for various reasons at eight local authorities to date (Birmingham, Northamptonshire, Nottingham, Northumberland, Croydon, Woking, Thurrock, and Slough). The pressures quoted in these councils are between £35m and £1.5bn.

- 13 Please see Financial Implications section for risks and consequences relating to a s.114 notice.
- 14 Press articles continue to report that more councils are concerned about further s.114 notices being issued. A search of such reports identifies Coventry, Derby, Havering, Medway, Leeds, Cheshire West and Chester, Warrington, Middlesbrough, Kirklees, Hastings, Kent, Stoke, Somerset, Guildford, Southampton as well as Bournemouth, Christchurch and Poole, as all being linked to financial stress and potential s.114 notices. The pressures quoted in these councils range from £8.5m to £47m. This list has got longer since the First Financial Review and continues to grow.
- 15 Local authorities, including Cheshire East Council, therefore continue to liaise with Government departments over the severity of so many emerging financial issues. The Council achieves this liaison either directly or through professional or political networks. The focus of this lobbying for Cheshire East Council is on the following important local issues:
- (a) **High needs / special educational needs deficit.** The Council reported a cumulative deficit of £47m from 2022/23, which is set to rise to £85.8m by March 2024 and to £243.5m by 2027. The cost of maintaining this deficit in interest payments is forecast to exceed £3m in 2023/24. The Council is also funding transport costs of over £1m in excess of the 2023/24 budget to manage demand. The Council has now begun conversations on entry to the DfE's Safety Valve Scheme.
 - (b) **Capital Funding and HS2.** Major infrastructure schemes are at risk due to construction costs inflation of 15% to 20%. Associated Government grants have not been revised to keep pace and do not reflect up to date costs forecasts. The Council is therefore having to manage all additional costs. The announcement of the cancellation of phase 2 of the HS2 project referred to escalating costs, and this also impacts on the Council's finances. Letters have been sent to Government ministers and officials to highlight the £11.2m spent by the Council on this project. The Government is looking at this issue as well as developing wider plans to provide additional funding for infrastructure projects in the North of England following the announcements about HS2.
 - (c) **Children's Services.** Although Government has previously provided additional funding for Adult Social Care, the costs of Children's Services are not being addressed. New burdens funding is not being provided, nor are capital grants that could potentially create new

provision of services reducing the reliance on private sector placements.

- (d) **Local Government Settlement.** Longer term settlements that address business rate retention, rurality and growth in demand are essential to providing longer term stability. Late and short-term settlements do not support the development of sustainable financial strategies.
- 16 The First Financial Review highlighted local mitigations that would be implemented to reduce expenditure. In October 2023, the Cheshire East Budget Response Team (CEBERT) was set up to lead on coordinating this work across the organisation. Weekly meetings are chaired by the Chief Executive with updates relating to the workstreams identified in the review.
- 17 The workstreams include:
- (a) Establishment Management: a full review of the Council's establishment is near completion. Recruitment controls have reduced the number of vacancies approved for recruitment from an average of over 20 per week to around 3 per week, with approved posts relating to essential safeguarding posts. All agency placements are also under review.
 - (b) Spending Control Panel: all Procurement Engagements are subject to additional review. Procurement has been rejected, with several others on hold requiring enhanced information as to the essential nature of the spending.
 - (c) Pricing Strategies: in many cases the cost of providing charged-for services has increased. This workstream is looking at price increases that may be required to reduce subsidising services that are unaffordable via local taxation.
 - (d) Capital Spending: a further £2.1m of transformation activity previously funded from revenue budgets is now being legitimately funded from Capital Receipts. Re-profiling Capital Expenditure has already reduced interest payments by £0.6m.
- 18 The impact of this work, as well as focused activity on services within each committee is reflected in Annex 1. Now that CEBERT has been established the Chief Executive will develop opportunities for frequent Member updates on progress. The results of further mitigations will also be factored into the third financial review.
- 19 The MTFS highlights that the Council has relatively low levels of reserves as annual funding is required to manage ongoing service demand. This means financial pressure requires changes to ongoing spending and income rather than relying on management via reserves.

Notwithstanding this issue all reserves held for specific purposes are under review through CEBERT.

20 **Annex 1: Second Financial Review 2023/24**

21 **Financial Stability:** Provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2023/24 is being funded, including the positions on overall service budgets, centrally held budgets, council tax and business rates. Further details are contained in the appendices.

22 **Appendices:**

Appendix 1 Adults and Health Committee.

Appendix 2 Children and Families Committee.

Appendix 3 Corporate Policy Committee.

Appendix 4 Economy and Growth Committee.

Appendix 5 Environment and Communities Committee.

Appendix 6 Highways and Transport Committee.

Appendix 7 Finance Sub-Committee.

Appendix 7a Update to the Treasury Management Strategy.

Appendix 7b Update to the Investment Strategy.

RECOMMENDATIONS

The Finance Sub Committee:

1. Consider the factors leading to a forecast adverse Net Revenue financial pressure of £18.7m against a revised budget of £353.1m (5.3%).
2. Consider the forecast and further mitigations needing to be identified, aimed at bringing spending back in line with budget.
3. Consider the in-year forecast Capital Spending of £181.4m against an approved MTFS budget of £214.7m, due to slippage that has been re-profiled into future years.
4. Scrutinise the contents of Annex 1 and each of the appendices and note that any financial mitigation decisions requiring approval will be made in line with relevant delegations.

5. Approve capital virements up to and including £5,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 7 Finance Sub-Committee, Section 5 Capital Strategy, Table 5.**
6. Note that Council will be asked to:
7. Approve fully funded supplementary revenue estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 1 Adults and Health Committee, Section 3 Corporate Grants Register, Table 2** and **Appendix 4 Economy and Growth Committee, Section 3 Corporate Grants Register, Table 2.**

Background

- 23 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 local authority in the Northwest of England, responsible for approximately 500 services, supporting over 398,000 local people. Gross annual spending is over £750m, with a revised net revenue budget for 2023/24 of £353.1m.
- 24 The management structure of the Council is organised into four directorates: Adults, Health and Integration; Children's Services; Place; and Corporate Services. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan.
- 25 The political structure of the Council is organised into six committees, with a single sub-committee, all with financial responsibilities acutely aligned to the management structure. Performance against the 2023/24 Budget within each Committee, and the sub-committee, is outlined in Table 1 below.

Table 1 – Revenue Outturn Forecast split by the Six Service Committees and the Finance Sub-Committee

2023/24	Revised Budget	Forecast Outturn	Forecast Variance FR2	Forecast Variance FR1	Movement from FR1 to FR2
	(NET)				
	£m	£m	£m	£m	£m
Service Committee					
Adults and Health	136.5	141.2	4.7	0.3	4.4
Children and Families	80.3	91.0	10.8	7.0	3.8
Corporate Policy	41.2	40.7	(0.5)	0.9	(1.4)
Economy and Growth	24.8	22.9	(1.9)	(1.8)	(0.1)
Environment and Communities	48.7	52.3	3.5	4.2	(0.7)
Highways and Transport	11.2	12.4	1.2	1.2	(0.0)
Sub-Committee					
Finance Sub	(342.7)	(341.8)	0.9	1.1	(0.2)
TOTAL	-	18.7	18.7	12.8	5.9

National Key issues causing the pressures

- 26 The national economic position of the UK has seen prevailing high inflation. The Office for Budget Responsibility (OBR) forecast that inflation should reduce to 2.9% by quarter 4 of 2023. However, quarter 2 inflation was still at 7.7%, which is higher than the OBR forecast of 6.9% at this stage in the year. The Council is affected by inflation in wages (for Council staff and staff of contracted services), utilities and fuel. But the Council cannot inflate in-year income from Council Tax, Business Rates or Government Grants. The forecast impact of additional pay inflation above the estimates in February is £2.8m.
- 27 The national economic position of the UK is seeing increasing interest rates. In January 2023, when the current MTFS was drafted, interest rates were at 3.5%. Current interest rates are 5.25%. The Council has loans of £242m, mainly acquired to support important Highway and Regeneration schemes, and is therefore exposed to financial pressure from increasing borrowing costs. The Council is receiving more money from investments, but this does not offer adequate compensation. Interest rates are forecast to reduce once inflation is controlled which means a shift to long-term borrowing at this point is not a favourable option.
- 28 Demand for public services, particularly those that are required to support the health and wellbeing of local residents, has increased since the pandemic. Temporary grants associated with the pandemic have ended though. The Council is experiencing demand for care for more

individuals, which is driving up costs, as well as experiencing more complex demand that requires more hours of support in each case.

Consultation and Engagement

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

Reasons for Recommendations

- 30 The overall process for managing the Council's resources focuses on value for money, good governance and stewardship. The approach to these responsibilities is captured in the Medium-Term Financial Strategy.
- 31 The budget and policy framework sets out rules for managing the Council's financial affairs and contains the financial limits that apply in various parts of the Constitution. As part of sound financial management and to comply with the Constitution any changes to the budgets agreed by Council in the MTFS require approval in line with the financial limits within the Finance Procedure Rules.
- 32 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.
- 33 In approving the Cheshire East Council Medium-Term Financial Strategy Members of the Council had regard to the robustness of estimates and adequacy of reserves as reported by the s.151 Officer. The s.151 Officer's report highlighted the importance of each element of the MTFS and the requirement to achieve all the proposals within it. The recommendations of this report highlight the need for ongoing activity to manage the financial pressure being experienced by the Council.

Other Options Considered

- 34 None. This report is important to ensure Members of the Committee are sighted on the financial pressure the Council is facing and the activity to date to try and mitigate this issue. Activity is required to ensure the Council balances its expenditure and income without serious impact on essential Council services.

- 35 Do nothing. Impact – Members are not updated on the financial position of the Council. Risks – Not abiding by the Constitution to provide regular reports.

Implications and Comments

Monitoring Officer/Legal

- 36 The legal implications surrounding the process of setting the 2023 to 2027 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 for 2023/24. Implications arising from individual proposals regarding service growth and savings have and will continue to be the subject of ongoing advice and support.
- 37 Implications arising directly from this report relating to the internal processes of approving supplementary estimates and virements referred to are governed by the Constitution and in particular the Finance Procedure Rules.
- 38 In relation the proposed review to ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans, it should be noted that local authorities are creatures of statute. They are created by statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.

Section 151 Officer/Finance

- 39 The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 40 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.

- 41 The unplanned use of financial reserves could require the Council to deliver a greater level of future savings to replenish reserve balances and/ or revise the level of risks associated with the development of the Reserves Strategy in future.
- 42 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.
- 43 Forecasts contained within this review provide important information in the process of developing the Medium-Term Financial Strategy. Analysis of variances during the year will identify whether such performance is likely to continue, and this enables more robust estimates to be established.
- 44 The risk associated with the scale of these challenges is that the Council could act illegally, triggering the requirement for a s.114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:
- i) Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
 - ii) Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.
- 45 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.
- 46 Further consequences would be highly likely and could include the appointment of Commissioners from the DLUHC, and potential restrictions on the decision-making powers of local leaders.

Policy

- 47 This report is a backward look at Council activities and predicts the year-end position. It supports the Corporate Plan aim Open and priority to be an open and enabling organisation.
- 48 The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2024 to 2028 Medium-Term Financial Strategy.

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

Equality, Diversity and Inclusion

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

Human Resources

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

Risk Management

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

Rural Communities

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

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

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

Public Health

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

Climate Change

- 56 There are no direct implications for climate change.

Access to Information	
Contact Officer:	<p>Alex Thompson</p> <p>Director of Finance and Customer Services (Section 151 Officer)</p> <p>alex.thompson@cheshireeast.gov.uk</p> <p>01270 685876</p>
Appendices:	<p>Annex 1 including:</p> <p>Section 1 provides information on the overall financial stability and resilience of the Council. Further details are contained in the appendices.</p> <p>Appendix 1 Adults and Health Committee.</p> <p>Appendix 2 Children and Families Committee.</p> <p>Appendix 3 Corporate Policy Committee.</p> <p>Appendix 4 Economy and Growth Committee.</p> <p>Appendix 5 Environment and Communities Committee.</p> <p>Appendix 6 Highways and Transport Committee.</p> <p>Appendix 7 Finance Sub-Committee.</p> <p>Appendix 7a Update to the Treasury Management Strategy.</p> <p>Appendix 7b Update to the Investment Strategy.</p>
Background Papers:	<p>The following are links to key background documents:</p> <p>Medium Term Financial Strategy 2023-2027</p>



Second Financial Review 2023/24

November 2023

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

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

RandC@cheshireeast.gov.uk

Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 398,000 local people with annual spending of over £750m.

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

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics and the national cost of living increases. This demand is resulting in a forecast outturn of £18.7m against a net revenue budget of £353.1m. The most significant impact is within the rising costs of Children's Social Care. Further activity is required to identify other mitigating measures.

When the 2023/24 budget was set, in February 2023, it was highlighted that the use of reserves was not sustainable in the medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. The forecasts at first review highlight pressures due to demand, inflation, interest rates and pay negotiations. These will almost certainly affect the medium term finances of the Council. This situation must be addressed now and as part of the MTFS process for 2024 to 2028.

To support openness and transparency, and provide evidence of strong governance, the report has a main section, to provide background and context, and then nine supporting appendices with detailed information about allocation and management of public money during 2023/24.

The **Financial Stability** section provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2023/24 is being funded, including the positions on overall service budgets, centrally held budgets, Council Tax and Business Rates. Further details are contained in the appendices.

- **Appendix 1** Adults and Health Committee.
- **Appendix 2** Children and Families Committee.
- **Appendix 3** Corporate Policy Committee.
- **Appendix 4** Economy and Growth Committee.
- **Appendix 5** Environment and Communities Committee.
- **Appendix 6** Highways and Transport Committee.
- **Appendix 7** Finance Sub-Committee.
- **Appendix 7a** Update to the Treasury Management Strategy.
- **Appendix 7b** Update to the Investment Strategy.

Alex Thompson

Director of Finance and Customer Services
(Section 151 Officer)

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2023/24 Outturn Forecast - Financial Position

2023/24	Revised Budget (NET) £m	Forecast Outturn £m	Forecast Variance £m	For further information please see the following sections
SERVICE DIRECTORATES				
Adults, Health and Integration	136.5	141.2	4.7	Appendix 1
Children's Services	80.3	91.0	10.8	Appendix 2
Place - Directorate/Growth & Enterprise	24.8	22.9	(1.9)	Appendix 4
Place - Environment & Neighbourhood Services	48.7	52.3	3.5	Appendix 5
Place - Highways & Infrastructure	11.2	12.4	1.2	Appendix 6
Corporate Services	41.2	40.7	(0.5)	Appendix 3
Total Services Net Expenditure	342.7	360.5	17.8	
CENTRAL BUDGETS				
Capital Financing	19.0	19.4	0.4	Appendix 7 Section 5
Transfer to/(from) Earmarked Reserves	(7.4)	(7.4)	-	Appendix 7 Section 6
Transfer from MTFs Earmarked Reserve	-	-	-	Appendix 7 Section 6
Corporate Contributions / Central Budgets	(1.2)	(0.7)	0.5	Appendix 7
TOTAL NET EXPENDITURE	353.1	371.9	18.7	
Business Rates Retention Scheme	(55.3)	(55.3)	-	Appendix 7 Section 2
Specific Grants	(26.8)	(26.8)	-	Appendix 7 Section 3
Council Tax	(271.1)	(271.1)	-	Appendix 7 Section 2
Net Funding	(353.1)	(353.1)	-	
NET (SURPLUS) / DEFICIT	-	18.7	18.7	

Financial Stability

Introduction

1. The Council has a track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of inflation, the legacy impact of the Coronavirus pandemic on people and on the economy and increasing cost of living pressure on households. These issues have the effect of increasing the demand for services and increasing costs of services.
2. Complexity and market sustainability in Adults' and Children's Social Care remains the most significant financial pressure for the Council in the medium term. The affects of inflation on contracts, utilities and wage levels are affecting costs across all services.
3. **Table 1** provides a service summary of financial performance. The current forecast is that services will be £18.7m over budget in the current year which includes mitigating actions identified to date. The 2023/24 Approved Budget Policy Changes and Forecast Variances provide further details and changes to service net budgets since the Medium-Term Financial Strategy (Section 2 in the **Appendices 1-6**).
4. It also shows that central budgets are forecast to be £0.9m over budget resulting in an overall forecast outturn of £18.7m against a net revenue budget of £353.1m.
5. Further items impacting on the level of the Council's balances are detailed in **Appendix 7**.

Table 1 - Service Revenue Outturn Forecasts

2023/24	Revised Budget	Forecast Outturn	Forecast Variance	Forecast Variance FR1	Movement from FR1 to FR2
	(NET)				
	£m	£m	£m	£000	£000
SERVICE DIRECTORATES					
Adult Social Care - Operations	137.9	142.6	4.7	0.2	4.4
Commissioning	(1.4)	(1.4)	0.1	0.1	-
Public Health	-	-	-	-	-
Adults and Health Committee	136.5	141.2	4.7	0.3	4.4
Directorate	0.2	0.4	0.1	0.7	(0.6)
Children's Social Care	49.4	58.8	9.4	4.8	4.6
Strong Start, Family Help and Integration	7.4	6.8	(0.6)	(0.6)	0.0
Education & 14-19 Skills	23.2	25.0	1.8	2.1	(0.3)
Children and Families Committee	80.3	91.0	10.8	7.0	3.8
Directorate	0.2	(0.0)	(0.2)	(0.2)	-
Growth & Enterprise	24.6	22.9	(1.7)	(1.7)	0.0
Economy and Growth Committee	24.8	22.9	(1.9)	(1.9)	0.0
Environment & Neighbourhood Services	48.7	52.3	3.5	4.2	(0.7)
Environment and Communities Committee	48.7	52.3	3.5	4.2	(0.7)
Highways & Infrastructure	11.2	12.4	1.2	1.2	0.1
Highways and Transport Committee	11.2	12.4	1.2	1.2	0.1
Directorate	0.6	0.5	(0.1)	0.2	(0.3)
Finance & Customer Services	12.8	12.9	0.2	0.5	(0.3)
Governance & Compliance Services	10.8	10.3	(0.4)	0.1	(0.5)
Communications	0.7	0.7	0.0	(0.0)	0.0
HR	2.6	2.4	(0.2)	-	(0.2)
ICT	11.8	12.0	0.2	0.3	(0.2)
Policy & Change	2.0	1.9	(0.1)	(0.1)	0.0
Corporate Policy Committee	41.2	40.7	(0.5)	0.9	(1.4)
TOTAL SERVICES NET EXPENDITURE	342.7	360.5	17.8	11.7	6.2
CENTRAL BUDGETS					
Capital Financing	19.0	19.4	0.4	0.4	0.0
Transfer to/(from) Earmarked Reserves	(7.4)	(7.4)	-	-	-
Corporate Contributions / Central Budgets	(1.2)	(0.7)	0.5	0.7	(0.2)
Finance Sub-Committee - Central Budgets	10.4	11.3	0.9	1.1	(0.2)
TOTAL NET EXPENDITURE	353.1	371.9	18.7	12.8	5.9
Business Rates Retention Scheme	(55.3)	(55.3)	-	-	-
Specific Grants	(26.8)	(26.8)	-	-	-
Council Tax	(271.1)	(271.1)	-	-	-
Finance Sub-Committee - Net Funding	(353.1)	(353.1)	-	-	-
NET (SURPLUS) / DEFICIT	-	18.7	18.7	12.8	5.9
General Reserves Balance					
2023/24 Budget					
£m					
Opening Balance April 2023	14.1	Actual			
2023/24 Impact on Reserves (see above)	(18.7)	Forecast			
Closing Balance March 2024	(4.6)	Forecast			

Appendices to Second Financial Review 2023/24

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November 2023

Appendix 4 : **Economy and Growth Committee**

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Appendix 4

Economy and Growth Committee

1. Changes to Revenue Budget 2023/24 since First Financial Review

	First Review Revised Net Budget	Adjustments to FR1 Budget	Second Review Revised Net Budget	Unringfenced Grants to be Actioned
	£000	£000	£000	£000
PLACE				
Directorate	139	43	182	-
Growth & Enterprise	24,881	(265)	24,616	-
Economy and Growth Committee	25,020	(222)	24,798	-

Note the unringfenced grants to be actioned column includes the expenditure part of centrally held unringfenced grants. These budget adjustments will take place once all second financial review approvals have been given. No adjustments are required as part of this review.

Economy and Growth Committee

2. 2023/24 Approved Budget Policy Changes and Forecast Variances

Forecast Outturn Commentary:

Economy & Growth Committee has an underspend of £1.9m against a net budget of £24.8m. Staff vacancies are being held across all services and non-staffing budgets are being controlled to help with the overall Council financial position. Grant funding is being utilised wherever possible to relieve the pressure on base budgets. A one-off rates rebate dating back to 2017 has also improved the outturn forecast for Estates and has helped to mitigate the increased reactive maintenance pressures in-year. A £0.2m pressure is forecast because of the pay award being higher than the original budget.

Some deliverable in-year mitigations are forecast within the forecast outturn position reflecting a reduction in Place Directorate spending, releasing earmarked reserves and actions to reduce Economic Development expenditure. Further mitigations to be determined include stopping non-essential spending, continued vacancy management and energy costs reductions in Council buildings.

MTFS Ref No	Detailed List of Service Budget Changes	2023/24 £m	2023/24 Variance £m	Commentary
	Economy and Growth Committee	1.045**		**Totals will not match to MTFS as Place Restructuring items all moved under E&G
64	Assets - Buildings and Operational	2.480	-	Growth identified for increases in costs for the operation of our building continues to be monitored.
65	Pay inflation	1.437	0.246	The total cost of pay inflation may exceed 5% based on national pay negotiations. This may be mitigated through management of vacancies.
66	Rates increase for Cheshire East properties	0.343	-	Budgets in place for increase in rateable values for Cheshire East Council properties.
67	Rates increase from Collection Fund EMR	-0.343	-	Funding for increase in rateable values for Cheshire East properties is in place for 2023/24.
68	Office Estate Rationalisation	0.210	0.050	Consultation ongoing with proposals being developed for consideration by Committee.
69	Rural and Visitor Economy	0.165	-	Provision of additional funding to manage increased costs of materials and staffing. This is expected to be on budget.

MTFS Ref No	Detailed List of Service Budget Changes	2023/24 £m	2023/24 Variance £m	Commentary
70	Cultural	0.072	-	Growth to support cultural framework required for regeneration projects across the borough and safeguarding museum collections. This is on track.
71	Housing	-	-	Growth identified for First Homes initiative in 2024/25.
72	Assets - Transactions	0.023	-	Removal of prior year savings target offset by increased property disposals and proactive management lease renewals and rent reviews. On track for the end of the year.
73	Inflation in Utility costs and enhanced Carbon Management	-1.500	-	Removal of one-off budget for 2022/23.
74	Pension Costs Adjustment	-0.675	-	On track, subject to ongoing monitoring, dependent on in-year staffing costs.
75	Restructuring Potential	-1.009	-	The total saving for the Directorate and the three Place committees is placed under Economy & Growth. Partial savings captured through vacancy management and capitalisation, with further saving opportunities being explored.
76	Investment in Public Rights of Way	-0.100*	-	Removal of one-off budget for 2022/23.
77	Tatton Park	-0.028	-	Savings resulting from income and efficiencies generated through the investment programme in the facilities at Tatton Park.
78	Asset / Service Transfer	-0.020	-	Savings should be met by the end of the year.
79	Transfer of Congleton Visitor Information Centre	-0.010	-	Savings on target, transfer is complete.
	Estates mitigations		-0.849	Mainly due to rates rebate for prior years.
	Economic Development & Housing savings		-0.681	Staffing savings, utilisation of grants and increased capitalisation.
	In year variances across Economy & Growth		-0.070	
	Mitigating Actions Reduced Place directorate spend and release of earmarked reserve		-0.200	

MTFS Ref No	Detailed List of Service Budget Changes	2023/24 £m	2023/24 Variance £m	Commentary
	Mitigating Actions Reduce Economic Development expenditure and release of earmarked reserves		-0.400	
	TOTAL FORECAST VARIANCE		-1.904	
	Further Mitigating Actions		TBD	Stop non-essential spend and continued vacancy management, reduce energy costs in Council buildings through partition of under-utilised areas.
	REVISED FORECAST VARIANCE		-1.904	

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

Economy and Growth Committee

3. Corporate Grants Register

- 3.1 Cheshire East Council receives two main types of Government grants; specific purpose grants and general use grants. Specific purpose grants are held within the relevant service with a corresponding expenditure budget. Whereas general use grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2 Spending in relation to specific purpose grants must be in line with the purpose for which it is provided.
- 3.3 The increase in specific purpose grants relates to a £2.4m Shared Prosperity Fund grant. This grant and a smaller one in relation to the Rough Sleeper Initiative are detailed in **Table 2** and **Table 3**.

- 3.4 **Table 1** provides a detailed listing of all Economy & Growth related grants, their movements between the reporting period and the treatment of the grant.
- 3.5 **Table 2** shows additional specific purpose grant allocations that have been received over £1m that Council will be asked to approve.
- 3.6 **Table 3** shows additional specific purpose grant allocations that have been received which are £500,000 or less and are for noting only.

Table 1 – Corporate Grants Register

Grants 2023/24	Original Budget	Revised Forecast FR1	Revised Forecast Mid-Year	Change from FR1	Treatment of Grant
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	Notes 2 - 5
ECONOMY & GROWTH					
Specific Purpose (Held within Services)					
Rough Sleeping Initiative	0	319	319	0	
Rough Sleeper Initiative: Target Group Priority Funding	0	0	15	15	SRE
Homelessness Prevention Grant	0	608	608	0	
Homelessness Prevention Grant: Homes for Ukraine top-up 2023/24	0	422	422	0	
Shared Prosperity Fund - brought-forward	0	1,166	1,119	(47)	
Shared Prosperity Fund	0	0	2,412	2,412	SRE
Local Enterprise Partnership (LEP): Core Funding	375	250	250	0	
Local Enterprise Partnership (LEP): Growth Hub Funding	231	261	261	0	
Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11	500	500	500	0	
Local Enterprise Partnership (LEP): Skills Bootcamp	1,500	1,355	1,355	0	
Impossible Perspectives – Digital Arts Project	0	49	49	0	
Towns Fund - Ice Cream Van	0	15	15	0	
Total Economy & Growth - Specific Purpose	2,606	4,946	7,324	2,379	
General Use (Held Corporately)					
TOTAL ECONOMY & GROWTH	2,606	4,946	7,324	2,379	

Notes

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

Table 2 – COUNCIL DECISION

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

Committee	Year	Type of Grant	£000	Details
Economy and Growth	2023/24	Shared Prosperity Fund (Specific Purpose)	2,412	The UK Shared Prosperity Fund (UKSPF or the Fund) is a component of the UK government's Levelling Up agenda and its support for places across the UK. It provides the Authority with up to £9.48 million of new revenue funding for local investment by March 2025. It seeks to empower local communities to identify their own priorities and targeting funding where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances. The Authority has the flexibility to invest across a range of activities to deliver agreed outcomes. Consequently some of the funding may be awarded to external third parties to deliver on the Authority's behalf.
Total Specific Purpose Allocation for Council Approval			2,412	

Table 3 – DECISION DELEGATED TO OFFICERS

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

Committee	Year	Type of Grant	£000	Details
Economy and Growth	2023/24	Rough Sleeper Initiative: Target Group Priority Funding (Specific Purpose)	15	This grant is from the Department for Levelling Up, Housing and Communities (DLUHC). From the data, we know that many areas will be working with a distinct group of people who have been sleeping rough for an extended period, or repeatedly return to rough sleeping – your Target Priority Group. Therefore, this additional funding ought to be used to provide bespoke interventions for these individuals.
Total Specific Purpose Allocations less than £500,000			15	

Economy and Growth Committee

4. Debt Management

	Outstanding Debt £000			Over 6 months old £000		
	Jun-23	Sep-23	Increase / (Decrease)	Jun-23	Sep-23	Increase / (Decrease)
Economy and Growth Committee						
Growth and Enterprise	607	905	298	265	224	(41)

Note: Increase in outstanding debt mainly due to invoices for £138,000 and £42,000. Decrease in over 6 months debt due to invoice for £50,000 being written off as company in administration.

Economy and Growth Committee

5. Capital Strategy

Economy & Growth								CAPITAL					
CAPITAL PROGRAMME 2023/24 - 2026/27													
Scheme Description	Forecast Expenditure							Forecast Funding					Total Funding £000
	Total Approved Budget £000	Prior Years £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Forecast Budget 2025/26 £000	Forecast Budget 2026/27 £000	Total Forecast Budget 2023-27 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes in progress													
Facilities Management													
Public Sector Decarbonisation Fund - FM 1	1,855	1,759	96	0	0	0	96	96	0	0	0	0	96
Public Sector Decarbonisation Fund - FM 2	604	452	153	0	0	0	153	153	0	0	0	0	153
Public Sector Decarbonisation Fund - FM 3	5,214	3,931	1,283	0	0	0	1,283	285	0	0	0	998	1,283
PSDS - 3B - Lot 1	3,278	0	200	2,078	1,000	0	3,278	2,015	0	0	0	1,263	3,278
PSDS - 3B - Lot 3 (schools)	4,946	0	4,572	375	0	0	4,946	4,572	0	375	0	0	4,946
Septic Tanks	636	280	5	351	0	0	356	0	0	0	0	356	356
Schools Capital Maintenance	7,435	4,639	2,317	479	0	0	2,796	2,515	0	281	0	0	2,796
Corporate Landlord - Operational	1,027	962	35	30	0	0	65	0	0	0	0	65	65
Premises Capital (FM)	39,009	30,705	2,335	3,500	2,469	0	8,304	0	0	0	0	8,304	8,304
Poynton Pool Spillway	1,380	296	154	930	0	0	1,084	0	0	200	0	884	1,084
Housing													
Home Upgrade Grant Phase 2	6,210	0	1,553	4,658	0	0	6,210	6,210	0	0	0	0	6,210
Crewe Towns Fund - Warm and Healthy Homes	100	10	0	90	0	0	90	90	0	0	0	0	90
Social Housing Decarbonisation Fund	1,565	86	1,479	0	0	0	1,479	1,479	0	0	0	0	1,479
Future High Street Funding - Chester Street	408	3	5	400	0	0	405	405	0	0	0	0	405
Future High Street Funding - Delamere Street	432	5	7	420	0	0	427	427	0	0	0	0	427
Green Homes Grant	3,103	2,249	370	483	0	0	854	854	0	0	0	0	854
Sustainable Warmth - Home Upgrade Grant	806	631	175	0	0	0	175	175	0	0	0	0	175
Home Repairs Vulnerable People	1,285	659	109	258	258	0	626	0	0	0	0	626	626
Disabled Facilities	15,818	6,989	3,200	3,287	2,342	0	8,829	7,902	0	0	0	928	8,829
Warm Homes Fund	239	198	41	0	0	0	41	41	0	0	0	0	41
Temporary Accommodation	958	878	80	0	0	0	80	0	54	26	0	0	80
Gypsy and Traveller Sites	4,136	1,289	2,069	778	0	0	2,847	700	436	0	0	1,712	2,847
Estates													
Corporate Landlord - Non-Operational	1,336	0	1,336	0	0	0	1,336	0	0	0	0	1,336	1,336
Malkins Bank Landfill Site	1,360	565	250	545	0	0	795	0	0	0	7	788	795
Farms Strategy	2,910	1,671	30	180	310	720	1,240	0	0	0	1,240	0	1,240

CAPITAL PROGRAMME 2023/24 - 2026/27												
Scheme Description	Forecast Expenditure							Forecast Funding				
	Total	Prior	Forecast	Forecast	Forecast	Forecast	Total	Grants	External	Revenue	Capital	Prudential
	Approved	Years	Budget	Budget	Budget	Budget	Budget		Contributions	Contributions	Receipts	Borrowing
	Budget		2023/24	2024/25	2025/26	2026/27	2023-27	£000	£000	£000	£000	£000
	£000	£000	£000	£000	£000	£000	£000					
Economic Development												
Crewe Towns Fund - Repurposing Our High Streets	1,450	38	300	639	474	0	1,412	1,412	0	0	0	0
Crewe Towns Fund - Flag Lane Baths	2,800	306	1,000	1,494	0	0	2,494	2,494	0	0	0	0
Crewe Towns Fund - Mill Street Corridor	1,190	190	1,000	0	0	0	1,000	1,000	0	0	0	0
Crewe Towns Fund - Mirion St	732	30	100	603	0	0	703	703	0	0	0	0
Crewe Towns Fund - Crewe Youth Zone non-grant costs	978	49	100	829	0	0	929	929	0	0	0	0
Crewe Towns Fund - History Centre Public Realm	283	14	269	0	0	0	269	269	0	0	0	0
Crewe Towns Fund	12,805	0	383	8,520	3,901	0	12,805	12,805	0	0	0	0
Handforth Heat Network	13,219	0	680	1,924	6,692	3,923	13,219	2,604	7,428	0	0	3,187
Demolition of Crewe Library & Concourse (Future High Street Funding - History Centre Preparatory)	3,040	181	1,336	1,523	0	0	2,859	1,336	0	0	0	1,523
Future High Street Funding - CEC Innovation Centre	3,023	59	2,965	0	0	0	2,965	2,965	0	0	0	0
Future High Street Funding - Christ Church Innovation Centre	780	80	700	0	0	0	700	700	0	0	0	0
Crewe Town Centre Regeneration	32,303	15,058	16,016	1,229	0	0	17,245	351	64	0	0	16,829
Macclesfield Indoor Market Toilet Refurbishment	160	12	148	0	0	0	148	40	98	10	0	0
Macclesfield Town Centre	2,219	1,861	0	358	0	0	358	0	0	0	0	358
South Macclesfield Development Area	34,630	3,237	145	11,248	20,000	0	31,393	10,000	10,000	0	11,393	0
North Cheshire Garden Village	64,707	6,002	2,400	18,989	37,317	0	58,706	21,189	0	0	21,700	15,817
Leighton Green	2,096	1,464	100	532	0	0	632	0	0	0	0	632
Connecting Cheshire Phase 3	8,000	0	600	1,500	2,000	3,900	8,000	0	8,000	0	0	0
Connecting Cheshire 2020	9,250	3,709	2,303	2,238	1,000	0	5,542	5,542	0	0	0	0
Culture & Tourism												
Countryside Vehicles	1,579	580	153	193	219	434	999	0	0	965	33	0
Culture & Tourism S106 Schemes	371	65	74	232	0	0	306	0	306	0	0	0
New Archives Premises	10,256	0	761	8,827	667	0	10,256	0	0	0	0	10,256
PROW Capital Works	1,055	957	98	0	0	0	98	98	0	0	0	0
PROW CMM A6 MARR	100	9	56	35	0	0	91	91	0	0	0	0
PROW Flood Damage Investment	72	63	8	0	0	0	8	0	0	0	0	8
Tatton Park Investment Phase 2	3,280	1,407	350	350	350	823	1,873	0	0	0	0	1,873
Total Committed Schemes	316,430	93,627	53,899	80,106	78,998	9,800	222,803	92,444	26,385	1,857	34,373	67,744
New Schemes												
Housing												
Local Authority Housing Fund	978	0	978	0	0	0	978	978	0	0	0	0
Culture & Tourism												
Cattle Handling Facility - Oakwood Farm	190	0	190	0	0	0	190	0	0	190	0	0
Total New Schemes	190	0	1,168	0	0	0	1,168	978	0	190	0	0
Total Growth & Enterprise	316,620	93,627	55,067	80,106	78,998	9,800	223,970	93,422	26,385	2,047	34,373	67,744

Economy and Growth Committee

6. Reserves Strategy

Economy and Growth Committee

Name of Reserve	Opening Balance 1 April 2023 £000	Forecast Movement in Reserves 2023/24 £000	Forecast Closing Balance 31 March 2024 £000	Notes
<u>Directorate</u>				
Place Directorate	1,722	(1,249)	473	To support a number of widespread projects within the Place Directorate.
Investment (Sustainability)	648	(221)	427	To support investment that can increase longer term financial independence and stability of the Council.
<u>Growth and Enterprise</u>				
Legal Proceedings	228	(124)	104	To enable legal proceedings on land and property matters.
Investment Portfolio	361	174	535	Reserve being built up to be used in the future if the site is vacated. Current lease extends beyond 2026.
Homelessness & Housing Options - Revenue Grants	130	(130)	0	To cover costs of purchase and refurbishment of properties to be used as temporary accommodation to house vulnerable families. Remaining portion of historic grants - not been used due to high levels of ringfenced Homeless Prevention & Rough Sleepers Grants being utilised.
Tatton Park Trading Reserve	0	0	0	Ringfenced Trading Reserve used to support projects and overall position at Tatton.
Royal Arcade Crewe	20	(20)	0	Original purpose was to fund vacant possession related costs for the Royal Arcade until demolition. The balance will now be used to pay for ongoing rates and maintenance costs for Crewe Bus station.
ECONOMY AND GROWTH TOTAL	3,109	(1,570)	1,539	

OPEN

Economy and Growth Committee

Tuesday 14 November 2023

Medium-Term Financial Strategy Consultation 2024/25 - 2027/28

Report of: Alex Thompson, Director of Finance and Customer Services (s151 Officer)

Report Reference No: EG/11/23-24

Ward(s) Affected: All Wards

Purpose of Report

- 1 The Economy and Growth Committee is being asked to approve the indicative financial envelope for this committee to support consultation on the development of the Cheshire East Medium-Term Financial Strategy 2024/25 to 2027/28.
- 2 The Medium-Term Financial Strategy (MTFS) sets out how the Council will resource the achievement of the Corporate Plan and is subject to consultation and approval on an annual basis. The Finance Sub-committee approved the financial assumptions for the future MTFS at their meeting in June 2023, and this report goes further in recognising the need for financial targets that enable further development of the MTFS.
- 3 Developing the MTFS requires a wide range of stakeholder engagement. Members are key stakeholders in their capacity as community leaders, but also in their capacity as decision makers in setting the Council's budget. During this financial planning cycle there has been a series of all Member events to look at the current and future financial position. The Finance-Sub Committee formed a working group to scrutinise the financial assumptions underpinning the current MTFS.
- 4 Individual Committees are being asked to review the in-year budget positions and consider how this performance, and achieving the MTFS financial envelopes, will impact on services they are responsible for.

- 5 Public engagement will follow when financial proposals have been identified that could balance the Council's budget. The January cycle of Committee meetings will be the forum to scrutinise the draft balanced proposals put forward, alongside other feedback from consultees. All feedback will be collated and provided as evidence to the Corporate Policy Committee on 8 February 2024.
- 6 Final approval of the 2024/25 budget will take place at full Council on 27 February 2024 following recommendation from the Corporate Policy Committee.

Executive Summary

- 7 Financial strategies underpin how Cheshire East Council will allocate resources, achieve the Corporate Plan and provide in the region of 500 local services every day. The strategies must be affordable, based on robust estimates and balanced against adequate reserves.
- 8 In February 2021 the Council approved the Corporate Plan 2021-2025 which articulates the vision of how these services will make Cheshire East an Open, Fair and Green borough:
- 9 Open - We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East.
- 10 Fair - We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents.
- 11 Green - We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development.
- 12 A new Corporate Plan, referred to now as the Council Plan, is being developed to meet new criteria. These are identified as being: challenging but achievable; reflecting manifesto commitments to ensure that they are delivered to the electorate; to be co-created by a diverse range of stakeholders including Members, officers, residents, and partners; to be recognisable as uniquely Cheshire East, and; to have an outcomes framework that will allow measurement of results and review of success. The plan is expected to be approved alongside the budget in February 2024.
- 13 Committees are responsible for overseeing the achievement of the Council's priorities. Resources, including Revenue, Capital and Reserves were allocated by the Finance Sub-Committee in March 2023, following the budget Council. All resources are allocated to a specific Service Committee or the Finance Sub-Committee. This report sets out

an early indication of the allocation of resources to support financial planning for the MTFS.

- 14 Each Committee is issued a separate report on the current forecast in-year financial position. As set out in the Second Financial Review report, at this point the forecast adverse variance of £18.7m represents a combination of the several issues:

- (i) National economic pressures facing all councils (such as pay inflation and interest rates).
- (ii) Growing local demand for services which represents a permanent pressure, also being experienced locally in other councils.
- (iii) Revised forecasts related to budget changes agreed through the MTFS process in 2022/23. This is a mix of additional growth pressures, or savings taking longer to achieve than originally envisaged.

- 15 The Second Financial Review forecasts are shown in the table below:

2023/24	Revised Budget	Forecast Outturn	Forecast Variance FR2	Forecast Variance FR1	Movement from FR1 to FR2
	(NET)				
	£m	£m	£m	£m	£m
Service Committee					
Adults and Health	136.5	141.2	4.7	0.3	4.4
Children and Families	80.3	91.0	10.8	7.0	3.8
Corporate Policy	41.2	40.7	(0.5)	0.9	(1.4)
Economy and Growth	24.8	22.9	(1.9)	(1.8)	(0.1)
Environment and Communities	48.7	52.3	3.5	4.2	(0.7)
Highways and Transport	11.2	12.4	1.2	1.2	(0.0)
Sub-Committee					
Finance Sub	(342.7)	(341.8)	0.9	1.1	(0.2)
TOTAL	-	18.7	18.7	12.8	5.9

- 16 Analysis of the in-year forecasts and reflecting on the outturn performance against the 2022/23 budget indicates that the most significant prevailing financial pressure is within Services that are the responsibility of the Children and Families Committee. This position is in line with top-tier Local Authorities across England where similar issues are being experienced.
- 17 The Second Financial Review also highlights the potential for very low levels of reserves being retained by the Council at year-end, with a potential £18.7m reduction being forecast. Any positive variations to the

financial assumptions reviewed by the Committee should therefore be allocated to recover reserves in the first instance.

- 18 The adverse impacts in the financial review therefore need to be addressed through a re-allocation of resources from within the assumed budget for 2024/25 onwards. The immediate short-term risk to the Council's financial resilience must lead to a focus on budget setting for the 2024/25 budget only. Subsequent years of the medium term will present indicative values, with significant further work required to ensure a sustainable position can be achieved in the medium term. This is a position being widely experienced by councils across the country.
- 19 The initial reallocation of resources responds to pressure in the Children and Families committee, increasing the revenue budget for the committee by £7m compared to the MTFS presented to Council in February 2023. This transfer of resources results in a savings requirement in other Committee budgets to maintain the balanced budget requirement.
- 20 The Financial Reviews presented to Members raise awareness of the current financial position. The reports highlight that the Council has set up a series of Cheshire East Budget Emergency Response Team (CEBERT) workstreams to focus on various elements of spending and pricing controls. The work of CEBERT is focused on both the in-year position and the development of the 2024/25 budget.
- 21 This report sets out the indicative budget envelopes for all Committee budgets for 2024/25 and recommends that officers work with Members to develop further proposals to enable budgets to be set within each envelope for 2024/25.
- 22 The budget envelopes for 2024/25 for all Committees have been set as follows:

	2023/24 Original Approved budget £m	2024/25 Policy proposals* (as included in MTFS Feb 23) £m	2023/24 Pay inflation shortfall £m	2024/25 Target growth / savings £m	2024/25 Revised budget envelope £m
Adults and Health	136.3	+6.1	+0.8	-5.5	137.7
Children and Families	79.1	+2.9	+0.6	+6.4	89.0
Corporate Policy	41.0	+1.0	+0.4	-1.2	41.2
Economy and Growth	25.0	+2.4	+0.2	-0.7	27.0

Environment and Communities	48.3	-0.3	+0.7	-1.6	47.2
Highways and Transport	11.0	+1.5	+0.1	-0.4	12.3
Finance Sub (Central)	12.4	+6.1	-	-	18.4
TOTAL	353.1	+19.6	+2.8	-2.8	372.7

*full list of existing budget proposals for 2024/25 is included at Appendix A

Note – there may be roundings present in the table due to the presentation to one decimal place

- 23 It is proposed that a more detailed report of service budgets is shared with Members, to support their further engagement and understanding of service-level expenditure and income, over the coming weeks.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

- (a) Note the indicative budget envelope for this committee, as approved at the Finance Sub-Committee on 2 November, as a way of setting financial targets in support of achieving a balanced budget for 2024/25.
- (b) Note that officers will develop further proposals in consultation with Members to enable wider stakeholder consultation prior to approval by Council.
- (c) Note that Committees will be presented with the opportunity to further review financial proposals, designed to achieve a balanced budget, as part of their January cycle of meetings prior to recommendations being made to Council for approval.

Background

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

- 25 The Council aims to achieve value for money based on Economy (how much we pay for things), Efficiency (how well we use things) and Effectiveness (how we use things to achieve outcomes). Public feedback and internal and external scrutiny create the necessary framework to hold the Council to account for achieving these aims.
- 26 All councils are legally required to set a balanced budget each year and the immediate focus will be on balancing the 2024/25 financial year rather than on the whole medium term as has been the case previously. This reflects the extremely challenging circumstances all councils are facing currently.
- 27 Finance Sub-Committee received a report on 7 June setting out the MTFS 2024-28 planned timetable and budget assumptions underpinning the current MTFS. A working group from that Sub-Committee then met on 6 September to discuss these assumptions and their suitability for the medium term. Feedback from this session was then provided verbally to the Sub-Committee on 7 September.
- 28 The Budget Setting Process 2024-2028 has so far identified additional pressure on budgets across all committee areas, especially within the Children and Families area as reported in the First and Second Financial Reviews. We are not anticipating additional funding to be announced as part of the Provisional Local Government Finance settlement due to be announced, at the earliest, in December 2023.
- 29 Should any benefits emerge from the Local Government Settlement the Council should look to recover reserves that are likely to be depleted based on the current year forecasts. Service budgets must be therefore balance within the current funding envelope as reported in the MTFS in February 2023.
- 30 In response to local financial pressure, identified in the financial reviews, and reflected in a national trend, the Children and Families committee will be allocated an additional £7m compared to the current MTFS to support a response to demand in this area. Allocations have also been made across all committees to address the shortfall in the pay inflation budgeted for 2023/24. It must be noted that the final pay offer has not been agreed yet for “Green Book” employees, but the calculation is based on the announced offer of an additional £1,925, or 3.88% (whichever is the greater) per employee.
- 31 To accommodate the changes related to the Children and Families Committee budget the remaining service committees have been reduced pro rata based on net spending to rebalance the Council’s budget.

- 32 This has resulted in revised budget envelopes for 2024/25 for each service committee when compared to the published MTFS in February 2023. The revised budget envelope for the Economy and Growth Committee is included in the table above and at Appendix A – 2024/25 Budget Proposals as per MTFS February 2023, plus revised budget envelope.

Consultation and Engagement

- 33 This report forms part of the consultation process for Members on the budget setting for 2024/25. Each committee will receive a similar report covering their own area of responsibilities.
- 34 Once a set of draft budget change proposals have been agreed upon there will be further opportunity during the January cycle of Committee meetings to give formal feedback from each Committee to the Corporate Policy Committee which will then lead on to the full Council meeting in February 2024.
- 35 There are plans for a series of engagement events with wider stakeholders to gather opinion and collate ideas on the final budget for 2024/25.

Reasons for Recommendations

- 36 In accordance with the Constitution, Committees play an important role in planning, monitoring and reporting on the Council's finances. Each Committee has specific financial responsibilities.
- 37 The Council's annual budget must be balanced. The proposals within it must be robust and the strategy should be supported by adequate reserves. The assessment of these criteria is supported by each Committee having the opportunity to help develop the financial proposals before they are approved by Full Council.

Other Options Considered

- 38 The Council has a legal duty to set a balanced annual budget taking regard of the report from the Chief Finance Officer. As such options cannot be considered that would breach this duty. Any feedback from the Committee must still recognise the requirement for Council to fulfil this duty.
- 39 There is no option to "do nothing". The Council has statutory obligations to provide certain services, which would be unaffordable if the Council failed to levy an appropriate Council Tax.

Implications and Comments

Monitoring Officer/Legal

- 40 The Council should have robust processes so that it can meet statutory requirements and fulfil its fiduciary duty.

Section 151 Officer/Finance

- 41 The Council's financial resources are agreed by Council on an annual basis and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 42 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.
- 43 The unplanned use of financial reserves could require the Council to deliver a greater level of future savings to replenish reserve balances and/ or revise the level of risks associated with the development of the Reserves Strategy in future.
- 44 The risk associated with the scale of the current financial challenges both in year and in the setting of the 2024/25 budget is that the Council could act illegally, triggering the requirement for a s.114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:
- (a) Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
- (b) Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.
- 45 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.

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

Policy

- 47 The existing Corporate Plan and the new Council Plan due to be approved in February 2024 will drive and inform Council policy and priorities for service delivery. The priorities and actions may have direct policy implications and will be considered on a case-by-case basis.

Equality, Diversity and Inclusion

- 48 Under the Equality Act 2010, decision makers must show “due regard” to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation;
 - (b) Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and
 - (c) Foster good relations between those groups.
- 49 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 50 Having “due regard” is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.
- 51 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy and the Budget that the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.
- 52 The proposals within the MTFS include positive and negative impacts. A separate Equality Impact Assessment for the budget as a whole is routinely included in the full MTFS report each year.
- 53 The Corporate Plan’s vision reinforces the Council’s commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

Human Resources

- 54 Consultation on the budget change proposals will include staff. Any changes involving staff will be managed in consultation with staff and Trade Unions.

Risk Management

- 55 Cheshire East recognises that in pursuit of its objectives and outcomes it may choose to accept an increased degree of risk. Where the Council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood before developments are authorised, that it has sufficient risk capacity and that sensible measures to mitigate risk are established.
- 56 The Council also establishes a level of reserves that are adequate to protect the Council against financial risks, such as emergencies, which are not specifically budgeted for in individual years.
- 57 The Council will continue to be flexible about investing revenue funding in maintaining sustainable services and reflecting changes to the risks facing the Council. The full Budget Report will include a revised Reserves Strategy for 2024/25 to provide further detail on estimated balances and the application of reserves in the medium term.

Rural Communities

- 58 There are no direct implications for rural communities.

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

- 59 Budget change proposals and further mitigations that need to be identified which will affect the Children's area of the budget have been set out in the report to the Children and Families Committee.

Public Health

- 60 There are no direct implications for Public Health due to the nature of this budget being ringfenced.

Climate Change

- 61 The current Corporate Plan has a very strong environmental thread throughout with a specific aim for the Council to be 'Greener'.
- 62 Budget change proposals which will support the Council's commitment of being carbon neutral by 2025 will be included in the relevant Committee report to which they relate.

Access to Information	
Contact Officer:	Alex Thompson, Paul Goodwin, Honor Field alex.thompson@cheshireeast.gov.uk, paul.goodwin@cheshireeast.gov.uk, honor.field@cheshireeast.gov.uk
Appendices:	Appendix A –2024/25 proposals as per MTFS February 2023, plus revised budget envelope (separate Appendix A per Committee area)
Background Papers:	Outturn Report 2022/23 Medium Term Financial Strategy 2023-27 First Financial Review 2023/24 Second Financial Review 2023/24

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Appendix A – 2024/25 budget proposals as per MTFS February 2023, plus revised budget envelope

Economy and Growth Committee Budget Change Proposal	See note below	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Assets - Buildings and Operational	Existing MTFS 64	+3.119	+0.423	+1.481	
Other payroll policy proposals	Existing MTFS 65	-0.150			
Office Estate Rationalisation	Existing MTFS 68	-0.550	-0.150		
Rural and Visitor Economy	Existing MTFS 69	+0.045	-0.021		
Cultural	Existing MTFS 70	+0.020	+0.089		
Housing	Existing MTFS 71	+0.035			
Transfer of Congleton Visitor Information Centre	Existing MTFS 79	-0.020			
Pension Costs Adjustment	Existing MTFS 74	-0.157	-0.164		
Restructuring Potential (*all Place committee proposals for this item to be managed within E&G committee)	Existing MTFS 75, 96, 107	-0.387			
Tatton Park	Existing MTFS 77	-0.046			
Pay inflation	Existing MTFS 4,25,46,65,81,82,102	+0.486	+0.418	+0.428	
TOTAL CHANGE PROPOSALS FOR ECONOMY AND GROWTH COMMITTEE		+2.395	+0.595	+1.909	

SUMMARY					
2023/24 Approved Budget		25.0			
Proposals for 2024/25 @ Feb 2023	As above	+2.4			
Additional pay inflation required for 23-24 shortfall	Revised MTFS 4,25,46,65,81,82,102	+0.2			
Savings still to find		-0.7			
2024/25 Revised Budget Envelope		27.0			

2023/24 FORECAST POSITION					
Favourable variance as per FR2		(1.9)			

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Economy and Growth Committee

14 November 2023

2023/2024 Mid-Year Performance Review – Growth and Enterprise

Report of: Peter Skates, Director Growth and Enterprise

Report Reference No: EG/20/23-24

Wards Affected: All Wards

Purpose of Report

- 1 The purpose of the report is to provide the committee with oversight into the performance over the first 6 months of 2023/24 of the Growth & Enterprise Department.

Executive Summary

- 2 This report gives an update on mid-year performance across Growth & Enterprise department for the year 2023-24.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Note the performance of the department during the first 6 months of the year 2023/24.

Background

- 3 Growth & Enterprise is responsible for the key function of the delivery and support of Housing and Economic Development across Cheshire East, thereby generating opportunities for growth, and also creating a 'place' for housing to sustain our communities both urban and rural.
- 4 The Department seeks to work with local and national partners to promote economic development. The Estates and Assets Team manages its property portfolio and property disposal programme, to ensure best use and value of the Council's assets while contributing to the strategic aims of the Council, and the Corporate Plan.
- 5 The Cheshire East Council Corporate Plan 2021-25 sets out our vision for an open, fairer, greener Cheshire East with three broad aims to be an open and enabling organisation; a council which empowers and cares about people, and a thriving and sustainable place. The Growth & Enterprise department contributes to a number of the priorities under the aim of a thriving and sustainable place:
 - A great place for people to live, work and visit
 - Welcoming, safe and clean neighbourhoods
 - Thriving urban and Rural economies with opportunities for all
 - To be carbon neutral by 2025
- 6 The countryside and rural areas of Cheshire East represent the heartland of the borough, and therefore it is also important to consider strategies and action plans that will help support and sustain our cultural, rural and visitor economies going forward. Cheshire East's character is embodied by our environment, heritage, culture and visitor offer, all of which is a strength in making Cheshire East a place to work, live and enjoy.
- 7 Moving beyond the residual impacts of the pandemic, the significant challenge for the Council and the Growth & Enterprise Department, is the economic climate, with the cost of living crisis, general inflation, and constriction inflation, all factors that continue to have a strong impact on our recovering Towns and Business network.

8 Housing

Key Performance Indicators	2022/23 Outturn	Target 2023/4	Mid-year (2023/24)
Home adaptations for older and/or disabled residents	485	500	184
Increase the supply of new affordable housing	465	355	219
Maintain the number of long-term empty homes in Cheshire East to less than 1%	0.91%	<1%	End of year target
Increase number of preventative and relief actions taken in order to reduce levels of homelessness in Cheshire East	1181	1000	533
Households helped to achieve affordable warmth	532	500	163
Households are helped to improve their living conditions	214	200	72

- 9 Our focus for 2023/24 is to continue to work hard to provide effective, customer focused frontline services to ensure that our residents are prevented from becoming homeless or are relieved from homelessness. That our residents are able to reside in safe and warm homes and that homes are adapted to enable residents to retain their independence.
- 10 We have continued to develop our services for rough sleepers having successfully secured further Rough Sleepers Initiative funding. Our multi-disciplinary team is working to support rough sleepers with complex needs.
- 11 Our Housing Related Support services are fundamental to relieving homelessness and we are in the process of recommissioning these services, with implementation from 1st April 2024.
- 12 Access to social housing is in high demand and we want to ensure that it is allocated to those in the highest housing need. Following this Committee's decision in July 2023, we are currently consulting on proposed changes to the Cheshire East Common Allocations policy to ensure that the policy is able to adequately balance the availability of the resource with the housing needs of our residents. The Policy will address customer expectations and also reflect the Council's and Registered Housing Providers' priorities.

- 13 The Housing Options Team continue to respond to Refugee Resettlement Programmes and Asylum Seekers currently accommodated in the area, continuing to second a dedicated Homechoice and Prevention Officer to work with the Communities Team to prevent homelessness. This work has had a significant impact in reducing the potential numbers of people leaving asylum and resettlement placements from presenting as homeless. This has been achieved by securing extended placements and supporting people with planned moves.
- 14 Local Authority Housing Funding has been secured to enable the purchase of 8 homes in partnership with 3 of our Registered Housing Providers for Afghan families who are currently residing in temporary accommodation across the country.
- 15 Good progress is being made in our work with Registered Housing Providers to secure funding through the Single Homelessness Accommodation Programme to provide supported accommodation for those aged 18 to 25 and homeless. This action has been welcomed by colleagues in Children's Services as their need for move on accommodation for our care experienced young people increases.
- 16 Teams a reduction in the use of Bed and Breakfast accommodation as a temporary accommodation offer and improving and increasing our own provision of Temporary Accommodation units which represent better value for money.
- 17 Increasing the level of affordable and specialist housing continues to be a priority and we are working to undertake an open procurement process to secure both affordable and specialist housing on 3 council owned land assets following a market engagement session.
- 18 Improving the energy efficiency of our homes and reducing fuel poverty is a priority within the Housing Strategy and having successfully secured funding through Round 2 of the Home Upgrade Grant, and we are identifying suitable properties while we complete the procurement of suitable energy performance assessors and installers in order to improve 300 off gas homes across Cheshire East and Cheshire West and Chester.
- 19 Good progress is being made towards the completion of 163 energy efficiency upgrades with our Registered Housing Providers having successfully secured Housing Decarbonisation Funding.
- 20 We are starting to overcome some of the challenges around supply chains and contractor availability in the delivery of home adaptations although inflation continues to put pressure on our capital budgets. The

service is carrying out a range of procurement activity to renew and update framework contracts with suppliers.

- 21 Providing a safe place to stay for the transient Gypsy and Traveller community and dealing effectively with unauthorised encampments, recognising the impact on our settled communities continues to be a focus of the team. We have started the construction phase on the Transit Site in Middlewich, with work having commenced in August 2023 and due to complete in Spring 2024.

Estates

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

measures. The total building mounted solar PV capacity is now at 1.6 MWp with a solar yield to reach around 1.3 GWh per annum.

- 26 The Property Services team have continued to deliver capital receipts in year, and this is set out in the table below. This work delivers capital receipts to the Council, simplifies the Council's land and property holdings and cost of operation. The current outturn reflects successful auction sales of two vacant/redundant property assets known as the former Morton Hall Community Centre and the former Shavington Youth Centre.

Key Performance Indicators	2021/22 Outturn	2022/23 Outturn	2023/24 Target	2023/24 Outturn
Capital receipts across assets and farms disposals	£1,300,000	£2,823,500	£1,000,000	£450,000

- 27 As the property market continues to stabilise the Estates service has continued to carefully monitor tenants and their individual positions minimising the impact of lost rent for the Council. Introduction of new revised agreements to enable easy in easy out terms for occupiers of business generation centres and template leases for Industrial unit renewals has proved effective in minimising legal work and costs for the tenants. This work was delivered in partnership with the Council's Legal Services team.
- 28 The Property Projects team have continued to deliver several construction projects in the year, primarily school expansions, in Sandbach, Macclesfield and Congleton, the Lifestyle Centre refurbishment at Congleton. The Team are also working alongside the Economic Development team to progress several of the Town centre projects within Crewe. Ly2, on Lyceum Square is now in operation and construction works on the Royal Arcade new multi-storey car park and bus station are progressing well and due for completion in Spring 2024.
- 29 The Economy and Growth Committee has also considered the Council's Asset Management plan in year. This sets out the vision, core values and objectives for the use of the Council's land and property assets. The Council has a 'Corporate Landlord' model for the management and ownership of its land and property assets. This means that the responsibility for management and maintenance of assets is transferred from service directorates to the Corporate Landlord, which is a centralised function. This built on the work of the Council's previous plan, set in 2015, referencing where appropriate the plans, policies, strategies, procedures, and protocols that have been developed by the Council to

ensure sound asset management and obtains its direction from the Council's Corporate Plan for 2021-2024. This work will be revisited to align it to the Council's future Corporate Plan for the period 2025 – 2030.

- 30 The Farms service continues to contribute to the disposals programme and the progress the estate reorganisation as set out in the existing Farms Strategy. Three farms have been successfully let to new entrants this autumn from a wide pool of applicants establishing the continuing levels of demand for Council Farms and generating additional rental income. The team is contributing to the carbon agenda, managing land use to facilitate climate team initiatives, identifying sites for renewables and woodland creation, and continuing to develop letting arrangements that will require, assist, and encourage tenant occupiers to play a positive role in managing climate change. Committee approved in September 2023 the start of a fundamental policy review during the next nine to twelve months.
- 31 The Estates Service now handles all its enquiries, cases, and projects through the Concerto system, and allows its main contractor Equans, access for maximised efficiency. The workload for the Service continues to remain high, with initial enquiries received more than 3,500 by the end of Q2. Property Information completed 444 ownership enquiries and 3,012 orders placed by the Facilities Management helpdesk. The Facilities Management team are also managing 4,228 items of planned maintenance works and 186 projects at various stages of development. The Property Services team are currently managing 882 live cases on the system.
- 32 The Concerto system allows a detailed view of activity at any council owned or leased-in site by all teams within the service, assisting their effective management. The document upload from previous legacy sources is now completed, allowing Estates and Legal services to access the agreements associated with a site readily, thus facilitating greater efficiency. Allowing live access to the property portal to Cheshire East colleagues will be the next development activity.
- 33 The Service is also progressing several complex projects designed to manage corporate risk the Council holds as a landowner. This includes challenging issues such as potential flood risks at Poynton Pool and land contamination at Malkins Bank Golf Course, where works are being progressed to mitigate issues in conjunction with the Environment Agency.
- 34 The Estate Team have been subject to a recent audit of land and property transactions, and in June 2023 the outcome of the report was presented, with a finding being of 'good' assurance. The team has plans to progress

assurance, as part of a continual improvement process in this area in the coming year.

35 Rural & Cultural Economy

Key Performance Indicators	2022/23 Outturn	Mid-year (22/23)	Mid-year (23/24)	Target (23/24)
Ease of use of Public Rights of Way network <small>(due to effect of Covid, a proxy source of data has been used which calls upon a greater percentage survey than the previous method although not random in geography across the borough)</small>	94%	n/a	n/a (data due at the end of 23/24)	85%
Audience figures for Lyceum Theatre	39,881	0	36,697	38,738 (end of Sept)
Total Performances	NA	NA	119	110
Tatton Park visitor numbers	636,100	432,300	494,700	700,000
Tatton Park net budget	£1,176,642	£388,933	£264,000	£1,130,685
Value of the Visitor economy (annual retrospective STEAM measure)	£879m	n/a	n/a	2023 annual figure due Sept 2024
% Carbon emissions being offset by the Council	40.5%	n/a	n/a	65%

- 36 The Rural and Cultural Economy Service seeks to grow the contribution of countryside, cultural and visitor economy assets or opportunities to the Cheshire East economy helping it to be a thriving and sustainable place. The Service recognises the importance of our environment, heritage, culture and visitor offer to the area's character, economy, quality of place and wellbeing.
42. The Rural and Cultural Economy Service completed a re-structure earlier in the year to bring together the work of Countryside Ranger Service and the Public Rights of Way team under the Green Infrastructure Manager. The re-structure is designed to better facilitate the council's strategic approach to Green Infrastructure. It will achieve this by enhancing the linkage between the management of countryside sites and the statutory public rights of way network, whilst developing wider green infrastructure, natural capital and access opportunities. The new structure enables the engagement of communities and partners in accessing, contributing to and developing green infrastructure benefits. The service will also work in partnership with other organisations to improve green infrastructure and its natural capital value.
- 43 In the first six months of the year, the PROW (Public Rights of Way) team has responded to 347 new issue reports about path furniture, signposting, surface and bridges, replacing and repairing where necessary. The team has resolved 213 issues through work being allocated to contractors or completed by landowners. This work has involved 220 items of path furniture being installed, plus projects completed in partnership with local user groups.

- 44 The Countryside Ranger Service works closely with volunteers who so far this year have delivered the equivalent of 300 volunteer days to help maintain the country parks and trails.
- 45 The Countryside Ranger Service is responsible for Cheshire East Councils Country Parks, Nature Reserves and Linear Trails, which together attract over 1,000,000 visits each year. The Service has again been awarded Green Flag awards at Teggs Nose Country Park, Brereton Heath Local Nature Reserve and Riverside Park, in recognition of the outstanding quality of visitor services and improvements to the nature conservation value of the countryside facilities.
46. The value of the Visitor Economy for Cheshire East has recovered well since the Covid pandemic decimated the sector in 2020, with a fall in economic value from nearly £1bn in 2019 to £548m in 2020. The most up to date STEAM tourism economic impact modelling data for 2022 shows an increase of 60% on 2020 figures and over 44% on 2021 figures to £879m, with almost 13m visitors enjoying Cheshire East last year. The most encouraging data shows that staying visitors grew by 25% from 2021 to 2022, overshadowing the growth of 6% in day visitors. This is good news as staying visitors spend more in the local economy and support more jobs than day visitors. FTE jobs in the Visitor Economy also showed great resilience, growing by 6.6% in 2022 to 9,217 FTE jobs. Future caveats include the impact of the cost of living across the country on both visitor numbers and visitor spend in 2023. It is anticipated however that the implementation of the new Cheshire East Visitor Economy Strategy will ensure that the sector remains strong.
47. The Visitor Economy team has worked with Marketing Cheshire on campaigns to position Cheshire as a family destination and is supporting a 'Destination Cheshire' network of non-Chester based tourism businesses and attractions. This ensures communication of best-practice, coordination of marketing activity, peer support and provides an ability to consult businesses directly on strategy going forward.
- 48 Marketing Cheshire, with support of the three Local Authorities (Cheshire East, Cheshire West and Warrington) have recently been awarded LVEP status (Local Visitor Economy Partnership). This will enable greater partnership working with Visit England/Visit Britain as well as other local partnerships. It is anticipated that LVEP will also open opportunities to funding.
- 49 Since the pandemic, hospitality businesses have had significant issues around recruitment, to the point where this is hampering their ability to trade in a way that ensures their survival. Since 2021, the Visitor Economy team have been working in partnership with DWP and Cheshire College to develop a bespoke approach to the significant issues of recruitment, retention, and skills. This work is now starting to see results, giving local people new career opportunities and helping local businesses access potential employees to cover their vacancies. The project is fully funded through a partnership with Job Centre Plus and Cheshire College. An innovative schools/hotels project has also been developed, where a main Hotel is partnered with a local school, enabling training and experience opportunities for young people in the hospitality sector.

- 50 The new Cheshire East Visitor Economy Strategy was approved by Council in January 2023 and has an objective to reach an economic value of £1bn by 2028.
- 51 The Cultural Economy team's work on the bid to the National Lottery Heritage Fund for the shared service 'Archives - A Story Shared' programme, including the building of the new History Centre in Crewe, was successful in achieving a £4.9 million grant, with all funding now secured. Planning permission for sites in Crewe and Chester was secured in March 2023. Infrastructure and Construction company 'Kier' have been contracted to develop both sites and have completed RIBA 4 stage on time and to budget.
- 52 'The Heritage Wall', public art piece has been installed on the façade of the new multi-story car park in Crewe, as part of the Royal Arcade scheme.
- 53 Following the successful commissioning of a series of mural artworks in Macclesfield, an interactive art map has been produced, available in both hard copy from the Visitor Information Centre and online. This has generated good awareness for the town including positive social media for Macclesfield and Cheshire East.
- 54 A Cultural Education Partnership (LCEP) has been established for Crewe and surrounding areas. This brings together 20 schools and educational organisations with cultural organisations to improve cultural experiences and opportunities for children and young people.
- 55 Conservation work continues on items of West Park Museum's collection, including a number of paintings.
- 56 The Cultural Economy Team successfully applied for funding of £50,000 to deliver a programme of events and activities on Lyceum Square over the Summer 2023 period. This programme has been successfully completed and has seen new groups, audiences and individuals using the space. A full evaluation is now being undertaken to inform future activity and assess usage.
- 57 The Lyceum Theatre in Crewe, along with theatres across the UK, still face challenges with audiences yet to return to pre-covid levels. This, along with cost-of-living pressures has impacted venues ticket sales. The Lyceum has experienced lower admittance versus a higher number of performances to give an occupancy rate lower than targeted. However, much of this can be attributed to final covid reschedules and clashing tribute shows. More recently, positives have included the Rocky Horror Show, which had an occupancy rate of over 60% and 3,300 audience; Panto which is currently tracking ahead of last year, with many more schools already booked in and a sponsorship agreement for the 'relaxed performance', which, due to demand, has had another performance added in. The Lyceum will be dark for 10 days in January to install a new counterweight flying system, and for remedial work on the plasterwork in the auditorium.
- 58 Tatton Park, which has again received 'Green flag' and 'Green Heritage site' awards this year, continues to be a key driver of the borough's visitor economy,

and an important environmental and community resource. The financial year 2023/24 continues to provide challenges to the operating of visitor attractions across the country, with remaining shifts in visitor dynamics post-pandemic, the effects of the national economic situation and concerns on inflation rates and the cost of living, all having an impact on visitor numbers to the park and its attractions along with secondary spend.

- 59 This year there has been a number of both established and new events held at Tatton. The Easter Festival, helped by good weather over the bank holiday weekend, produced a healthy contribution. A partnership with publishers Harper Collins has enabled a refreshed offer to the important family audience through 'Tiger who came to Tea' and 'Mog the Cat' themed interactive experiences and trails in the Gardens, Mansion and Farm. These have been well received by visitors with positive feedback onsite and via social media, as well as helping to boost visitor numbers and secondary spend in the shops and restaurants.
- 60 July 2023 also saw the Royal Horticultural Society (RHS) Flower Show held at Tatton in July. Despite tight national economic pressures, visitor numbers to the event totalled 58,000 over 5 days. This was a better-than-expected attendance and will realise the budgeted income contribution.
- 61 High and low season planning to review activity ensures new approaches to stimulate visitor demand. Both Halloween and Christmas events at Tatton involve new themes and external partnerships leveraged to refresh the offer and broaden visitor appeal. Pricing and promotional initiatives are ongoing such as flexible ticket pricing for peak and off-peak periods, online admission discounts and targeted promotional incentives, which all help to attract audiences to the different attractions. Catering and Retail continue to report brisk trading on good weather weekends and Park admission entries are holding up against budget targets.
- 62 Filming opportunities and income at Tatton this year have included multiple large-scale productions such as Paramount's 'A Gentleman in Moscow' and BBC's 'Sherwood'. However, some bookings were postponed due to the Hollywood Writers and Actors strike.
- 63 The pandemic had a significant impact on the Groups coach visitor market with UK visitor attractions struggling to engage this sector to return. It is therefore pleasing that Tatton is now experiencing an increase of 8% over last years group bookings revenue, with Christmas bookings up by over 12% year on year.
- 64 Tatton has launched a new website for the Tatton Park Charitable Trust this year, with functionality to receive online donations, including gift aid, for the first time. The Farm's Animal Adoption scheme has also been relaunched and featured on this website, creating a future income stream for conservation, restoration, and education projects. To further develop the trading space within the Stableyard courtyard, our partnership with the Tatton Park Charitable Trust has seen the opening of a Pre-Loved Bookshop" on the site previously occupied

by the Tuck shop. This operation has been moved into the Gift Shop to provide a boost in visitor footfall.

- 65 The Rural and Cultural Economy service is also leading the Natural Capital workstream (including nature-based offsetting) as part of the Council's Carbon Action Plan. The programme, which includes tree planting and peatland restoration, has continued as part of its Carbon Action Plan commitments to help the Council achieve its carbon neutral target by 2025. The programme has been developed in partnership with Mersey Forest and in collaboration with Cheshire Wildlife Trust. It has included new planting in parks and open spaces, at Tatton Park and in Countryside sites, while work on a pipeline of further sites has been developed.
- 66 Members of the team are also developing a catchment-wide approach to the Bollin Valley, with a range of partners, as well as developing proposals to improve the Crewe Valley Brook corridor and supporting the Local Nature Partnership.

Economic Development

- 67 The Corporate Plan specifically identifies activity in Crewe and Macclesfield as the borough's largest towns as key objectives, and both are at exciting stages of development having established regeneration frameworks and significant funding streams secured. The Regeneration and Development team deliver this activity.
- 68 Challenging times exist in the regeneration and property sectors, and the team responsible for delivering and overseeing the regeneration of Crewe town centre are continuing to progress all projects despite the significant and persistent cost inflation in the construction sector which represents a major risk to all capital projects.
- 69 With support from the Government's Future High Streets Fund (FHSF) for Crewe, the Council has made progress with:
- 70 Flag Lane Link: a highways and cycle scheme improving connectivity into the town centre from the west of Crewe. The main part of this scheme completed in summer 2023 and is now operational;
- 71 Adaptive Signals: innovative new traffic signalling technology installed to the south of the town centre. This is expected to become operational by December this year;
- 72 Southern Gateway: the creation of a new pedestrian and cycle link between Oak Street/High Street and Forge Street, as part of a wider scheme to improve connectivity between the railway station and the town centre. Progress has been made in acquiring the necessary land and site works are expected to start in early 2024;

- 73 Civic Centre/History Centre preparation: as part of a linked project to deliver a new History Centre, technical and legal work has progressed in relation to the demolition of the former library, deck and undercroft car park. Work is expected to commence in November this year;
- 74 Technology and Digital Innovation Campus (TADIC): plans have advanced for the creation of new co-working space at the former Municipal Building offices (NB not the historic civic amenities). Contractors have been appointed to undertake works commencing late 2023 and completing summer 2024, whilst marketing of the opportunity for a tenant/operator is underway. Separately, although no longer expected to be co-working space, plans to improve and safeguard Christ Church have been developed with works expected in early 2024.
- 75 Sustainable Energy Network: Investment in energy improvements being implemented including to Lifestyle Centre, Lyceum Theatre and Delamere House to deliver carbon reduction and enable future heat network.
- 76 Following the July decision of Economy & Growth Committee, it was agreed that the In Town Living project could not be delivered within the timescales of the Future High Streets Fund. Whilst the department is seeking an alternative means of delivering housing schemes on Chester Street and/or Delamere Street car parks, the grant funding is being reallocated to other projects in the Crewe FHSF programme.
- 77 The Council has continued to fulfil its role as accountable body for Crewe Town Board and the governance of the Towns Fund (TF) and Accelerated Towns Fund (ATF) grants which support regeneration in Crewe. The Economic Development team has led in delivering a number of these projects including:
- 78 The Ly² project at Lyceum Square launched in July, providing a new public entertainment and performance space at the heart of the town centre, adjacent to the Lyceum Theatre and Market Hall. The project includes stages, a giant video screen, new artwork, seating and planting areas to provide an attractive setting for visitors.
- 79 Mill Street Corridor improvements, as part of the wider scheme to better connect the railway station to the town centre (also refer to the Southern Gateway FHSF project above). Designs have been developed and costed, alongside consultation with local residents and stakeholders ahead of a planning application expected this autumn. As part of this project, detailed designs have been developed for new wayfinding in Crewe town centre; although expected to be delivered in a phased programme, subject to availability of funding, this will ensure a consistent

style and format to help orientate visitors to Crewe's established and new amenities.

- 80 History Centre public realm improvements secured planning consent and will be delivered alongside the FHSF and National Lottery Heritage Fund elements of the project to provide new public realm and parking.
- 81 The Repurposing Our High Streets grant scheme was launched. Established to support businesses/organisations taking on vacant town centre premises, this project is being delivered by the service's Business & Growth team.
- 82 The Crewe Youth Zone project secured planning consent, and officers are working across the council with Onside and Crewe YouthZone charity to progress the development of this site at Oak Street carpark, with works expected to commence early 2024.
- 83 Royal Arcade Phase 1: Works continue to progress in delivering a new bus station and multi-storey car park at the heart of Crewe town centre, although a site incident has caused a delay to the project, which is now expected to complete in spring 2024. The new car park will provide capacity for other existing surface car parks to be used for other, more active uses, including the Ly², History Centre and YouthZone projects referred to elsewhere.
- 84 The newly refurbished Market Hall continues to operate successfully. Opened in May 2021 and the data continues to show that it is becoming an anchor retail, leisure, and entertainment venue in the town.
- 85 Macclesfield regeneration activity has been limited in scale over the last year due to lack of availability of capital funding and lack of support from competitive central funding sources. However, the team has submitted a number of bids to the Council's open call for projects to be funded under the UKSPF.
- 86 A £50,000 fund secured by the Development and Regeneration Team from Avanti towards the Treacle TART (Treacle Town Art Trail) project, has now been fully utilised with the production of a new art trail map. With CEC contributions in the form of officer time from the Cultural Economy Team and the Regeneration and Development Team, the Avanti funding secured has been used to fund impactful murals across the town centre, now documented in the [Town Art Trail \(cheshireeast.gov.uk\)](https://cheshireeast.gov.uk/town-art-trail)
- 87 Officers in the Development and Regeneration Team continue to work collaboratively with Macclesfield Town Council and other members of the Macclesfield Town Centre Recovery Working Group. Through a positive collaboration between the Development and Regeneration Service and the Town Council, a Changing Places Grant and a significant financial contribution from Macclesfield Town Council have been combined to enable the toilets in Macclesfield Indoor Market, formerly only accessible to market traders, to be upgraded and enlarged to provide modern facilities suitable for public use. Work

on site has been ongoing in the last reporting period and the new facilities are due to be officially opened on 15th November 2023.

- 88 When opened the facility will deliver general toilet facilities open to the public in the heart of the town centre, as well as a brand-new Changing Places Toilet Facility as well as a new baby changing and unisex facility. Providing toilets for public use in Macclesfield Market should increase footfall in the market, boosting trade for indoor market traders. This project will also allow the closure of dated inaccessible public toilets in Park Green, which are to be sold at auction to generate a capital receipt and, hopefully to be put to a use which will better support town centre vitality.
- 89 In terms of town centre vitality, the loss of Marks and Spencer to the town centre is a significant concern but the property has been purchased by a third party with plans to remodel in flight. The impacts of the opening of the Barracks Mill out of town retail park in late 2022 are being monitored. Data shows that Macclesfield has not yet recovered to pre-pandemic footfall levels with average footfall in April-September 2023 being -10% lower than the same period in 2019. This is in contrast to Crewe where the data indicates footfall has incased by 15% during the same period.
- 90 Our Market towns - The Regeneration and Development team also focus on maximising the vitality of our other nine key service towns (listed below), addressing another of the key priorities in the corporate plan. In 2022 Town Centre Vitality Reports were finalised for these nine key service centres. These plans identify key opportunities to support town centre vitality in these centres as and when funding can be secured. Opportunities are wide ranging and do not necessarily require significant capital funding. Many opportunities can be potentially taken forward by Town Councils or other bodies, such as the new Wilmslow Business Improvement District Body, established in November 2022, and now raising funding via a new BID levy from Wilmslow Town Centre businesses. Some Town Council's have referenced the Town Centre Plans in project proposals submitted seeking Shared Prosperity Funding, and some have been successful in attracting such funding. (See section on UKSPF)

Town	Recorded footfall data Apr-Sep 2019	Recorded footfall data Apr-Sep 2023	% change
Alsager	2,423,083	1,775,019	-27%
Congleton	5,544,967	6,779,777	22%
Crewe	7,426,696	8,527,541	15%
Handforth	1,693,362	3,575,247	111%
Knutsford	5,632,532	5,254,322	-7%
Macclesfield	9,970,236	8,957,240	-10%
Middlewich	1,967,039	2,478,071	26%
Nantwich	3,570,825	4,021,986	13%
Poynton	2,743,695	2,747,132	0%
Sandbach	4,188,655	4,987,742	19%
Wilmslow	7,659,768	6,869,057	-10%

- 91 Comparing annual footfall data for the six month period April-Sep 2023 with the same six month period in 2019 (pre-covid) continues to reveals significant variations in footfall recovery across centres, with Handforth showing very significant higher footfall levels than pre-covid, Handforth, Congleton, Crewe, Middlewich, Nantwich and Sandbach also with higher footfall levels, Poynton with footfall having returned to pre-covid levels but Macclesfield, Wilmslow, Knutsford and Alsager all having reduced footfall when compared to the pre-covid position.
- 92 Over the last six months of 2023 the Regeneration and Development team has continued to progress the UK Shared Prosperity Funding programme and a new UKSPF Programme Manager has now been appointed.
- 93 The £1,406,039 core UKSPF allocation for 22-23 was not received until February 2023. Despite this, the Council managed to spend £676,789 by end March 2023 on a range of projects including Ly2, active travel schemes, establishing a business support hub ([Cheshire East Council - Business Support Hub \(cebusinesshub.org.uk\)](https://cebusinesshub.org.uk)) and providing community grants. Given the lateness in agreeing 22-23 allocations, DLUHC agreed that unspent core UKSPF allocations from the first year of UKSPF could be added to 23-24 allocations. Unfortunately, confirmation of this and the current year's allocation was not received until the second quarter of this financial year creating unwelcome pressure to spend in a compressed timeframe.
- 94 A call out for project proposals has been undertaken and a range of projects to be taken forward both by the Council and external organisations has been appraised by independent appraisers and this was presented to the Local Strategic Group for the scheme for guidance. At the time of drafting this report, the Acting Executive Director Place, utilising the delegation from full Council is in the process of agreeing these projects. These are expected to be announced shortly.

Consultation and Engagement

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

Reasons for Recommendations

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

Other Options Considered

97 This an update report for committee on performance during the year

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

Implications and Comments

Monitoring Officer/Legal

98 As a performance report there are no direct legal implications

Section 151 Officer/Finance

99 The financial implications of changes in performance requirements or responding to current performance levels are provided in separate Finance Review reports to the Committee.

Policy

100 As a performance report there are no direct policy implications

Equality, Diversity and Inclusion

101 As a performance report there are no direct equality implications

Human Resources

102 As a performance report there are no direct human resources implications.

Risk Management

103 As a performance report there are no direct risk management implications.

Rural Communities

104 As a performance report there are no direct implications for rural communities.

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

105 As a performance report there are no direct implications

Public Health

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

Climate Change

107 As a performance report there are no direct climate implications

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



Economy and Growth Committee

14th November 2023

Notice of Motion: Commission an Independent Hydrogeology Report for the South Macclesfield Development Area

Report of: Peter Skates, Acting Executive Director of Place

Report Reference No: EG/16/23-24

Ward(s) Affected: Macclesfield South; Sutton.

Purpose of Report

- 1 A Notice of Motion – Commission an Independent Hydrogeology Report for the South Macclesfield Development Area was received by Full Council on 19th July 2023. Council deferred the matter to the Economy and Growth Committee.
- 2 This report is presented to Committee for consideration.

Executive Summary

- 3 This report sets out a considered response to the Notice of Motion Commission an Independent Hydrogeology Report for the South Macclesfield Development Area (SMDA).

RECOMMENDATIONS

The Economy and Growth Committee is recommended to note:

1. that full consideration of the Notice of Motion be given.
2. that the Council as a responsible developer will address the works that are required to provide robust information to enable the Strategic Planning Board to make informed decisions.

Background

- 4 A Notice of Motion – Commission an Independent Hydrogeology Report for the South Macclesfield Development Area, was presented at Full Council on the 19 July 2023 2 and deferred to the Economy and Growth Committee for consideration.
- 5 The Notice of Motion, proposed by Cllr Chris O’Leary and seconded by Cllr Janet Clowes, reads as follows:

“We request that: Council notes:

- that Cheshire East Council is the lead organisation and majority landowner for the South Macclesfield Development Area (SMDA), as identified in the 2017 Local development Plan;
- that as lead organisation and majority landowner, Cheshire East Council may prepare or commission additional information to provide assurance that proposals to develop the SMDA are sound;
- that Cheshire East Council, in its role as proposed developer of the South Macclesfield Development Area (SMDA) must submit appropriate, detailed ecological, environmental and groundworks data to support development of this extensive site and should include a full, hydrogeological assessment that investigates the impacts of any proposed development on below-surface water flows through the peat deposits of the SMDA, together with the effect this might have on synergistic water flows into or out of the adjacent Site of Special Scientific Interest (SSSI).
- That such detailed evidence should be submitted at the appropriate time for consideration by the Local Planning Authority (LPA) to enable the LPA to make fully informed planning decisions.

Cheshire East Council therefore resolves to:

- That this Council, as landowner and developer, commissions an independent hydrogeology Report to provide a hydrogeological assessment that investigates the impacts of any proposed development on below-surface water flows through the peat deposits of the SMDA, together with the effect this might have on synergistic water flows into or out of the adjacent Danes Moss Site of Special Scientific Interest (SSSI) and;
- That this report is published in the public interest and used to review and inform past and future development decisions on this site.”

- 6 Most of the land within SMDA is owned either by the Council or a commercial house builder, Barratt David Wilson Homes (BDW). Over the past nine-months the Council through the economic development service has been working closely with BDW on the SMDA development proposals. A key aspect of developing this relationship with BDW has been to safeguard the SSSI.
- 7 The Notice of Motion for SMDA is associated with ten live reserved matters planning applications which have been submitted pursuant to an outline planning permission that was granted in 2019 (17/1874M). The reserved matters applications are currently with the Council for determination by the LPA. It is important for committee to note that Natural England, as a statutory consultee on these planning applications, has identified that development at SMDA could have potential significant effects on the adjacent Danes Moss Site of Special Scientific Interest (SSSI). Natural England has therefore requested a detailed assessment of the hydrological impacts be submitted so that it can properly assess the impact of development on the SSSI.
- 8 Following receipt of comments from Natural England, the Council sought to engage with the agency to fully understand its concerns and take advice about how best to address them. Subsequently, BDW joined in this consultative process. This joint engagement helped ensure that the further information called for by Natural England included all of the development land comprising SMDA and not just the part owned by the Council.
- 9 A key objective of the engagement with Natural England was to establish a full scope for the additional site investigation work that would be necessary to enable the agency to properly assess any potential impact of development on the SSSI. At this juncture, officers agreed with BDW that BDW would take the lead in commissioning and supervising the further site investigation work and reporting, on the basis that they had the resources and expertise to fulfil these tasks.
- 10 The final brief for the scope of work, which covers the whole of the SMDA site, including Council owned land, was submitted to, and agreed by Natural England. Following Natural England's agreement of the scope, specialist consultants were commissioned by BDW and officers have since been kept informed of the progress of the work and understand that it is nearing completion. It is intended that final reports will be submitted by BDW to the planning portal in due course as part of the current planning applications and will then be subject to, and available for scrutiny and comment by Natural England, and the general public, as part of the normal planning consultation process. Thus, ensuring that the LPA can make an informed decision on the reserved matters with all the

appropriate studies including a hydrogeological assessment on the SSSI of the proposed development on the SMDA sites.

- 11 The Council, as a responsible land-owner and developer, has fully addressed the two objectives raised under this Notice of Motion.
- (a) This is evidenced by the fact the Council has been working with Natural England and the private sector to ensure a hydrological assessment is commissioned for the full SMDA site that is sufficient to enable Natural England and other specialist experts to fully and properly assess any potential impact of development at SMDA on the SSSI.
 - (b) Once these studies have been concluded, the document(s) will be submitted for publication on the Council's planning portal and therefore enable these assessments of proposed development on the SMDA site to be made by the relevant agencies. The LPA will then be able to consider the responses of the statutory consultees as part of any future examination of the reserve matters that have been submitted.

Consultation and Engagement

13. No consultation has been required with regard to this Notice of Motion

Reasons for Recommendations

- 14 The Council is a responsible landowner and developer and always seek to respond to concerns raised by statutory consultees of any planning application it is bringing forward.

Other Options Considered

- 15 The other option was for the council to deliver this work directly. This would have resulted in significant costs to the council.
- 16 No option appraisal is required to address this notice of motion.

Implications and Comments

Monitoring Officer/Legal

- 17 No legal implications have been sort as this report is a response to a notice of motion where there are no legal implications for the Council

Section 151 Officer/Finance

- 18 There are no financial implications associated with this notice of motion, as the work the notice of motion has requested the Council to undertake has been carried out by the private sector and the Council benefits by this

work by being the adjacent landowner. Therefore, there is no impact on the Council's approved budget/ Medium Term Financial Strategy (MTFS).

Policy

- 19 This notice of motion and the response is associated with the land known as SMDA. This land is identified in the Council's Local Plan as Site LPS 13, with the expectation to deliver 1050 dwellings and other developments on this site. To achieve this objective an outline planning permission (17/1874M) was granted by the Strategic Planning Board in 2019
- 20 Please refer to the priorities in the [Corporate Plan](#) that the report supports (this will be used for performance management purposes) and refer to any of the Council's key strategies that relate to the recommendations/ decisions.>

An open and enabling organisation	A thriving and sustainable place
<ul style="list-style-type: none"> • Ensure that there is transparency in all aspects of council decision making • Listen, learn and respond to our residents, promoting opportunities for a two-way conversation 	<ul style="list-style-type: none"> • A great place for people to live, work and visit • Welcoming, safe and clean neighbourhoods • Reduce impact on the environment • Thriving urban and rural economies with opportunities for all • Be a carbon neutral council by 2025

Equality, Diversity and Inclusion

- 21 To respond to the notice of motion there is no equality, diversity and inclusions impacts, therefore these assessments have not been undertaken.

Human Resources

- 22 There are no human resource issues associated with this notice of motion.

Risk Management

- 23 There are no new risk management issues associated with this notice of motion over for the SMDA project that have not already been identified in the projects risk register. A key project risk within the risk register is that any development on the SMDA site may have a significant impact on a SSSI site located within the broader locality. The primary mitigation for

this risk is to undertake appropriate site investigation including Hydrogeology study, which is what this notice of motion is requesting.

Rural Communities

24 There are no implications to rural communities arising from this report.

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

25 There are no implications to children and young people, and cared for children arising from this report

Public Health

26 There are no public health implications arising from this report

Climate Change

There are no implications for this report as it addresses a response to a notice of motion request for a hydrogeology report to be produced by the Council and then submitted to the LPA. The report is being produced by the private sector landowner for the site. Once such a report is complete it will help inform an assessment of the impact of any development on the site on climate change.

Access to Information	
Contact Officer:	Dr Charles Jarvis, Head of Economic Development Charles.Jarvis@CheshireEast.gov.uk
Appendices:	N/A
Background Papers:	Cheshire East Local Plan pp 227 – 231, outlines the SMDA site and the expectations of development on this site local-plan-strategy-web-version-1 (cheshireeast.gov.uk) Various documents associated with the planning consent and application for the SMDA site Ref 17/1874M planning.cheshireeast.gov.uk/applicationdetails.aspx?pr=17/1874M



Economy and Growth Committee

14 November 2023

Crewe Business Improvement District

Report of: Peter Skates, Director of Growth and Enterprise

Report Reference No: EG/17/23-24

Ward(s) Affected: Crewe Central; Crewe East; Crewe South; and Crewe West

Purpose of Report

- 1 A formal notification has been submitted to the Council, setting out the intention of Groundwork Cheshire, Lancashire & Merseyside, acting on behalf of the Crewe Business Improvement District Steering Group requesting that Cheshire East Council put a proposal for a Crewe Business Improvement District (BID) to a postal ballot.
- 2 As the Council is responsible for the payment of business rates for thirteen premises within the proposed BID area, it is entitled to thirteen votes in the BID ballot. This report considers whether the Council should vote in the ballot and if so, how it should vote.
- 3 Additionally, this report seeks to confirm arrangements for Council representation on, and supporting, any BID Board established in the event the BID is successful at ballot.

Executive Summary

- 4 The Council has received a request to hold a postal ballot on a proposal for a Business Improvement District in Crewe. If successful at ballot, this will be the second BID in Cheshire East, the first being the Wilmslow Town Centre BID, which commenced in November 2022.
- 5 On July 11th, 2023, Corporate Policy Committee considered the obligations on the Council as billing authority under the Business Improvement Districts (England) Regulations 2004. That Committee agreed delegations to enable officers to fulfil those obligations. This included delegations to allow officers to check the final BID proposal

against the Regulations; to arrange for a postal ballot to be held; to check there are no grounds to veto the proposal; and, if the proposal is successful at ballot, to complete legal agreements to facilitate formal arrangements for the BID; and to bill for and collect BID levies from eligible businesses.

- 6 Corporate Policy Committee also resolved that officers should seek to cover the costs of the BID to the Council as billing authority where eligible.
- 7 As the Council owns several hereditaments within the proposed BID area, the BID proposal raises additional implications for the Council as a body responsible for the payment of business rates within the proposed BID area. (A hereditament is a rating term to describe a property (or part of a property) that is included in the Local Rating List and is liable for Non-Domestic Rates.)
- 8 Given its hereditaments within the proposed BID area, the Council will be entitled to thirteen votes in the BID ballot and needs to determine whether it will vote, and if so, which way to vote.
- 9 As the detail of the BID proposal was not fixed at the date this matter was considered by Corporate Policy Committee, and, having regard to the remit of Economy and Growth Committee, Corporate Policy Committee did not consider how the Council should vote in the ballot but rather resolved that a further report be taken to Economy and Growth Committee post finalisation of the BID Proposal.
- 10 If the BID is successful at ballot, the Council will be liable to pay the levy for its hereditaments falling within the scope of the BID proposal and the financial implications to the Council need to be considered when considering which way to vote, balanced against any anticipated benefits of the BID.
- 11 Additionally, given the number of hereditaments owned by the Council, the Council would have more votes in the ballot than any other party and therefore needs to be mindful that the way it votes could be significant in determining whether the BID succeeds at ballot. Consequently, the implications for other businesses, also need to be considered.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Determine either:
 - i. That the Council shall abstain from voting in the Crewe BID ballot to ensure that the outcome of the ballot represents the views of local businesses, or,

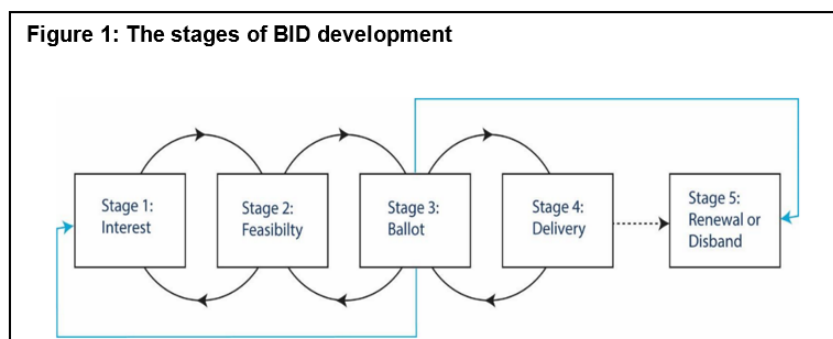
- ii. That the Council shall vote 'Yes' in support of the Crewe BID proposal in the Crewe BID ballot, delegating authority to the Director of Growth & Enterprise to complete, sign and return ballot papers on behalf of the Council.
2. Determine that in the event the BID receives a 'Yes' vote and proceeds to commencement, should the Council be invited to attend BID meetings in an advisory capacity, the Director of Economy and Growth shall agree the most appropriate officer representation, and empower appropriate officer(s) to provide such advice to BID meetings as they consider necessary.
3. Determine that in the event of a 'Yes' vote and the BID proceeding, the Executive Director – Place shall, having regard to any advice given by the Monitoring Officer, determine, in consultation with the Chair of Economy and Growth Committee, whether to put forward a CEC representative for appointment onto the BID Board and if so, select the appropriate appointee and empower that appointee to make any decisions required on behalf of the Council.

Background

BIDs explained

- 12 A Business Improvement District (BID) is a defined area where business rate payers have voted in a ballot to pay a levy, in addition to business rates, into a fund for a fixed period (normally 5 years), and that levy is then managed to deliver specific agreed initiatives to benefit the BID area. The levy rate is typically something in the order of 1.5% of rateable value, but the rate is a matter of choice for the BID Proposer. This levy must be collected by the billing authority (in this case CEC) but is passed to a separate body established to manage the BID known as the BID Body. This levy must be used by the BID Body to provide improvements in the BID area that would otherwise not occur. The BID Body can also draw on other public and private funding streams.
- 13 Many BIDs are focused on town centres and BIDs have the potential to bring significant extra regeneration impact to a town or district centre. The priorities for BID levy spend depend on the exact detail of the BID proposal, but town centre BIDs might typically support such things as improving the general appearance of the centre, enhanced marketing and promotional activity, events to stimulate footfall, crime reduction initiatives, access initiatives such as wayfinding, and support for businesses.

- 14 Legislation to enable BIDs was included in the Local Government Act 2003. Subsequently the Business Improvement Districts (England) Regulations 2004 outlined the procedures for their establishment and management. Since their introduction, BIDs have become an important mechanism for place management in many locations. There are currently around 332 BIDs across Great Britain, Northern Ireland, and Ireland (*Source 2022 BID survey*). There are several BIDs in neighbouring authorities including: Manchester BID; Stockport Town Centre BID; Warrington Town Centre BID, Altrincham BID, and five BIDs in Cheshire West and Chester. In November 2022, the Wilmslow Town Centre BID commenced, becoming the first BID in Cheshire East.
- 15 Eligibility to vote in a BID ballot is based on one vote per eligible business premise (hereditament) situated in the defined BID area. BID proposals can be designed such that certain categories of business rate payers are exempt from the levy, and these would not then be entitled to vote in the ballot. To be successful at ballot a BID proposal must have gained a simple majority vote in favour, both in terms of the number of voters and the aggregate value of business rates of those that have voted.
- 16 BIDs have a maximum term of five years unless renewed by reaffirmation of support through a further ballot. Many BIDs progress beyond their initial five-year term, with some of the UK's longest-running BIDs having now been in operation for over 15 years and through four ballots. Evidence indicates that BID ballot results increase in support the longer a BID has been in existence. (*Institute of Place Management 2019*). This suggests that BIDs can be seen by local businesses as adding value worthy of the levy charged. Regionally long-running BIDs include Liverpool Retail & Leisure BID, now in its fifth term, and Winsford 1-5 BID, in its fourth term.
- 17 The development of a BID can be described in the five stages set out in Figure 1 (*Source Institute of Place Management (IPM)*)



- 18 In general terms, where there is potential interest in a BID, work is undertaken to test feasibility. This will involve consideration of a potential BID geography, testing the appetite of businesses, considering the

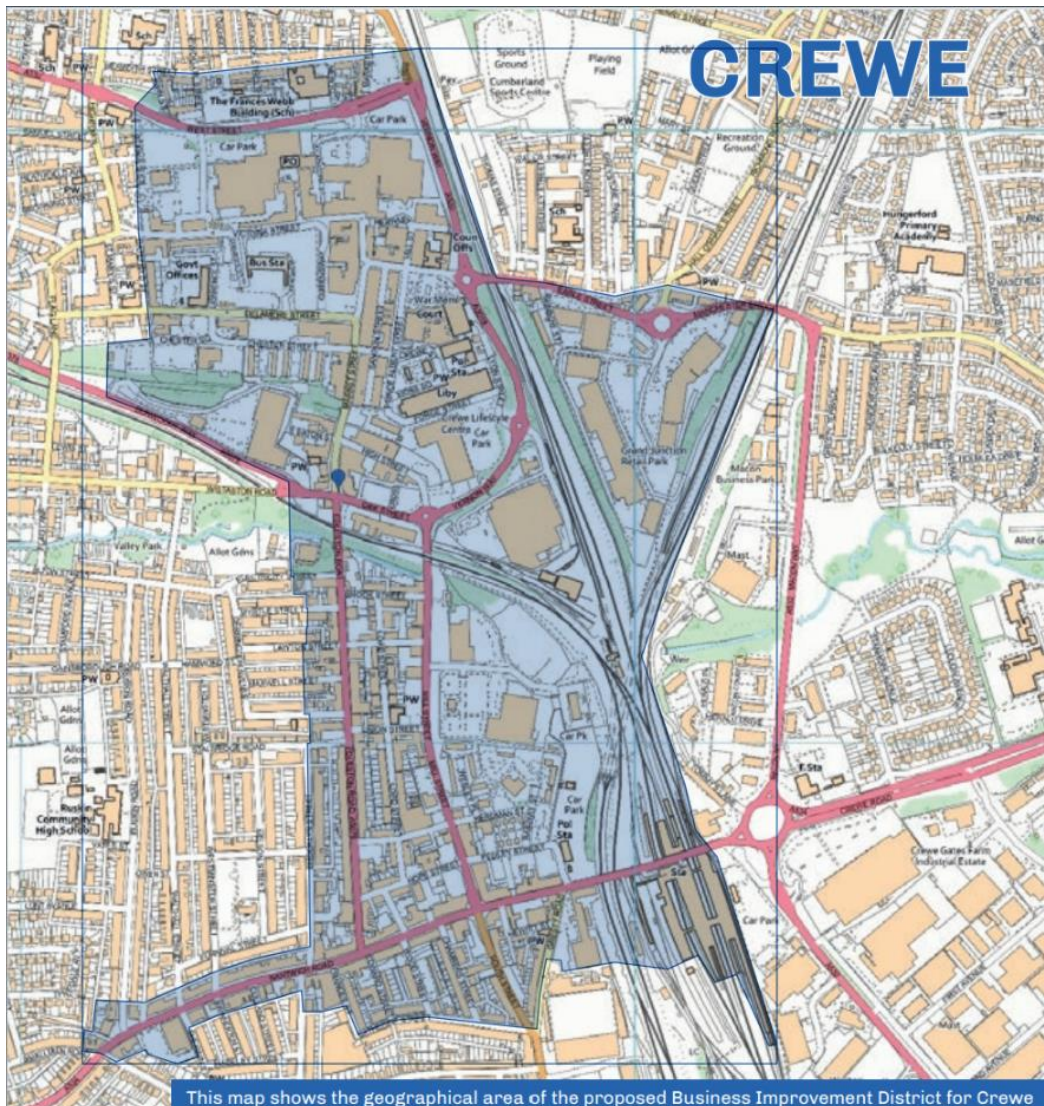
amount of levy which could be raised, and contemplating the priorities the BID might focus on. If the feasibility work suggests there is likely to be sufficient support for a “Yes” vote, a BID proposal may then be developed further and the local authority as billing authority requested to put the BID proposal to a ballot. If the BID is successful at ballot, it will then progress to delivery stage.

The Current Crewe BID Proposal

- 19 In September 2021, Crewe Town Council announced their intention to appoint Groundwork Cheshire, Lancashire & Merseyside to carry out a feasibility study on a potential Crewe BID.
- 20 In undertaking this work Groundwork engaged with a sample of 300+ businesses and stakeholders to gauge opinion on a range of issues and challenges for Crewe. This work identified several areas where a BID could potentially add value beyond the statutory responsibilities of Cheshire East Council and the study recommended that a BID proposal be developed.
- 21 Subsequently, Crewe Town Council considered the output of the feasibility study and resolved to appoint Groundwork to continue its work to develop a BID to take to ballot.
- 22 Groundwork proceeded to establish a Crewe BID Steering Group comprising local business representatives and invited CEC officer attendance. Subsequently, on 25th April 2023 Groundwork served notice on CEC confirming that Groundwork, acting on behalf of the Crewe Steering Group intended to ask CEC to hold a BID ballot. This notice (the ‘84-day notice’) is submitted at least 84 days before the BID Proposer submits the formal BID proposal and a formal notice requesting the holding of the ballot. Following receipt of the ‘84-day notice’, on 11th July 2023 a report was taken to Corporate Policy Committee, explaining that a BID proposal was in development for a Crewe BID.
- 23 The report to Corporate Policy Committee, anticipating the imminent receipt of a final Crewe BID Proposal and request to hold a ballot, confirmed delegations to allow officers to respond to the BID proposal when received as required of the billing authority under the Business Improvement Regulations 2014. Corporate Policy Committee agreed measures to enable officers to manage a BID ballot, to check the final BID proposals against the Regulations to ensure there are no grounds to veto the ballot, and in the event of a ‘Yes’ vote at ballot, to make any necessary arrangements for the completion and updating of any legal agreements necessary to facilitate the BID, for billing, collection and enforcement of the BID levy, and its transfer to the Crewe BID Body. The report to Corporate Policy also referenced the intention to report this

matter to Economy and Growth Committee once the BID Proposal had been finalised to seek any necessary further authority to respond.

- 24 The final Crewe BID Proposal has now been received and is attached as **Appendix A** to this report.
- 25 The geographical area of the proposed Crewe BID is illustrated in the following Plan. The proposed area of the BID differs from the Wilmslow BID in that whilst the Wilmslow BID covers the defined town centre only, the proposal for the Crewe BID encompasses the town centre, Grand Junction Retail Park, and covers an area to the south to encompass businesses around Nantwich Road.



- 26 Hereditaments with rateable values below £12,000 would be excluded from the levy as would hereditaments with a prime purpose as a place of worship or state school.

- 27 For hereditaments with a rateable value of £12,000 or more, the party responsible for payment of business rates would also become responsible for the payment of an annual BID levy equating to 1.5% of rateable value per year (with an annual increase of 0.05%) and with a cap of £15,000 per annum per hereditament. Levies would be payable annually for the lifetime of the BID. The initial BID term would be 5 years, after which a further ballot would be required before the BID could enter a second term.
- 28 The Crewe BID Proposer estimates that the BID would raise circa £1.38M through levies from business rate payers over a five-year period, for investment in the BID area. The BID Proposer also estimates that £227,000 could be raised in match funding by the BID Body over the same five-year period.
- 29 Under the Regulations, as the local ‘Billing Authority’ CEC would be responsible for billing and collection of levies on behalf of the BID. CEC would also be responsible for enforcement against non-payment. If the BID proposal succeeds at ballot, it is proposed that the levy would be payable from 1 April 2024.
- 30 The BID Proposal sets out that the BID levy would be spent on delivering improvements under three themes:
 - i. **A better Crewe experience** – achieved through:
 - Improved marketing and promotion of Crewe and the companies within the proposed BID area
 - Animating the Crewe BID area with a business led programme of vibrant events and festivals.
 - ii. **Cleaner, greener, safer** – achieved through:
 - A private sector led Business Crime Reduction Partnership
 - Image and place improvements
 - Environmental enhancements
 - iii. **Connecting Crewe’s Business Communities** – achieved through:
 - A private sector led BID Board for the Crewe BID area governing the BID investment
 - Crewe BID team supporting business
 - Investment to secure enhance consumer and footfall data
 - Attracting new investment, entrepreneurs, and skills
 - The joining together of Crewe’s business communities.
- 31 The BID Proposal sets out that the BID would be managed by the Crewe BID Company Ltd acting as the BID Body. The company would be a not-

for-profit company limited by guarantee. The BID would be governed and directed by a BID Board. The Board would comprise Directors of the BID company who would be voluntary representatives of BID levy paying businesses and organisations across the BID area. The BID Board would meet a minimum of six times a year.

Pros and Cons of the BID proposal

- 32 As part of the assessment of the BID proposal, consideration has been given to alignment with Council strategy and policy. In broad terms, it is considered that the aims of the BID proposal are aligned with the aims of the Council in terms of its aspirations for town centres and economic development. A well managed BID could certainly make a positive contribution to supporting the vitality of Crewe, with an effective BID Management team able to add additional capacity, drive, and energy into initiatives complementary to the efforts of both CEC and Crewe Town Council. The number of BIDs across the Country in their second, third and even fourth terms, indicates they can certainly be viewed by local businesses as adding value.
- 33 A particular benefit of a BID which may be worth stressing, is that the BID levy can be used to fund revenue activities, something which Councils frequently struggle to fund.
- 34 It is however clearly important to balance the anticipated benefits of a Crewe BID against the financial implications, not just for the Council, but also for the wider business community.
- 35 The Council is currently responsible for the payment of business rates for thirteen hereditaments within the proposed BID area. The estimated BID levy which would be payable on these hereditaments in the event of a “Yes” vote is set out in the table below (based on rateable values as of 5 Sep 2023)

Hereditament	RV (£)	Rates payable (£)	Est. Annual BID Levy (£) (22/23)
Oak Street Car Park, CW2 7BZ	13,000	4,820	195.00
Pedley Street Car Park	21,250	10,604	319
Railway Street Car Park	22,250	11,102	334
Crewe Public Library	92,500	47,360	1,387
Civic Centre Car Park	24,750	12,350	371

Library at Crewe Lifestyle Centre	260,000	133,120	3,900
Municipal Buildings	177,000	90,624	2,655
Delamere St. Car Park	42,250	21,083	634
Delamere House	236,000	120,832	3,540
Victoria Centre Car Park	127,000	65,024	1,905
Storage at former Heath St market	31,750	15,510	476
Temporary bus station	29,000	14,471	435
Chester Street Car Park, CW1 2LB	19,750	9,855	296
Total	1,096,500	556,757	16,447

- 36 BID levies would be mandatory for all eligible properties in the event the BID returns a 'Yes' vote. Thus, if the BID becomes operational, the Council, as well as all eligible businesses, will be obliged to pay the BID levies regardless of whether it has voted in favour of the BID in the ballot. The circa £16,500 per annum estimate of levy charges (increasing by 0.05% per annum) is the amount the Council would currently be liable to pay in levies annually over the five-year term of the BID, amounting to £82,500 over the five-year initial term of the BID. It is worth noting that this figure would fluctuate as and when Council assets change during the term of the BID, for example, resulting from the ongoing town centre regeneration programme.
- 37 Aside from the anticipated financial implications of the BID for the Council, it is also considered to be appropriate for the Council to consider wider business interests, particularly given the ongoing cost of living crisis, high inflation, and the consequent potential for many businesses to be struggling at this time.
- 38 The following table gives a selection of example properties from within the proposed BID area showing the Business Rates currently payable by that business and the BID levy they would be required to pay. As can be seen the cost of the levy in comparison with the cost of business rates payable varies dependant on the number and degree of business rate relief each party is eligible for.

Rateable Value (£)	Description	Reliefs Applied	Rates Payable (£)	Estimated BID Levy (£)
12,000	Restaurant & premises	SBRR	0	180
12,250	Shop & premises	TR, SBRR & RHL	103	184
12,250	Shop & premises	SBRR	410	184
12,500	Self-Catering Holiday Unit & premises	SBRR & RHL	259	187
12,500	Workshop & premises	TR, SBRR & SSB	600	187
12,750	Community centre & premises	MAND & DISC	0	191
12,750	Advertising right & premises	TR	3,405	191
12,750	Shop & premises	TR	6,287	191
13,000	Kiosk & premises		6,487	195
17,750	Shop & premises		8,857	266
18,750	Restaurant and premises	TR, SSB & RHL	1,657	281
153,000	Retail warehouse & premises		78,336	2,295
257,500	Shop & premises		131,840	3,862
1,520,000	Superstore & premises		777,316	15,000 (cap)
Table Key: All figures are rounded TR - Transitional Relief, SBRR - Small Business Rate Relief, RHL - Retail Hospitality & Leisure Relief, SSB - Supporting Small Business Relief; MAND - 80% Mandatory Relief (charities), DISC - top up 20% Discretionary Relief				

The Council's vote in the Crewe BID ballot

- 39 BID ballots are run as secret ballots meaning that the BID Proposer will not be notified of which way votes have been cast at any stage of the ballot, or after the ballot has ended. It is commonplace however for councils entitled to vote in a BID levy to be transparent and open regarding their views. Cheshire East Council is clear that it will ensure that there is transparency in all aspects of Council decision making.

- 40 As the party responsible for the payment of business rates for thirteen hereditaments with an RV over £12,000 within the BID area, the Council will be entitled to thirteen votes in the BID ballot. This is more than any other single party, and with circa 323 eligible hereditaments within the proposed BID area, the Council has circa 4% of the total votes which could be cast.
- 41 There is a chance of a low turnout in the ballot. The Wilmslow BID ballot saw a turnout from businesses eligible to vote of 26.24%. Whilst a BID ballot is not directly comparable to local elections, it may also be relevant that in the recent local elections, the turnout of residents to vote was significantly lower in the wards covered by the proposed Crewe BID than in the wards covered by the Wilmslow BID.
- 42 If the Crewe BID ballot has a similar turnout to the Wilmslow BID ballot and the Council casts 13 votes, this would mean that Council votes accounted for circa 16% of the overall votes cast. In such circumstances the Council's vote could easily be a deciding factor in whether the BID proceeds past ballot stage or not.
- 43 There are several issues to be balanced in the decision-making process. On the one hand, the aspirations of the BID Proposer and the BID Proposal is considered to align with Council aspirations and strategy, and it is considered that the BID could aid the Council in its efforts to regenerate the town centre and wider central Crewe. On the other hand, there are financial implications for the Council to be considered as well as financial implications for the wider business community of Crewe.
- 44 The various options which have been identified for consideration are set out in the table at paragraph 56 of this report. This is considered by officers to be a finely balanced decision, between voting 'Yes' and abstaining from voting. In this instance, having regard to the range of issues to be considered, officers have decided to leave to committee the decision as to whether, in view of its support for the BID proposal the Council should vote 'Yes' in the BID ballot, or, whether it should abstain from voting in the ballot allowing the ballot result to be based on the views of the local business community.
- 45 Regardless of the way the Council determines to vote in the BID ballot, if the BID succeeds at ballot, it is considered likely that the Council will be invited to provide office advisory support to the BID Body. In addition to this, if the BID is successful at ballot, the Council would be eligible to nominate an officer to be a BID Board member to represent the Council on the BID Board.

- 46 Depending on the agenda of individual meetings and the advice required, different officers may be best placed to act in an advisory capacity to the BID Board. To ensure adequate flexibility, it is considered appropriate that the Director of Economy and Growth should agree the most appropriate officer representation for meetings.
- 47 BID best practice guidance also advises that ideally the local authority will have a seat on any BID Board. Any Terms of Reference/Memorandum and Articles of Association are likely to be relevant in determining whether any officer should represent the Council on the Board, having regard to the Constitution and legalities. Authority is therefore sought for the Acting Executive Director - Place, having regard to advice from the Monitoring Officer and in consultation with the Chair of Economy and Growth Committee, determine whether any officer should be nominated, if the BID proceeds and after such additional details become available.

Consultation and Engagement

- 48 The proposed BID would fall within four Cheshire East Wards: Crewe Central, represented by Cllr Anthony Critchley; Crewe South, represented by Cllr Laura Smith and Cllr Dawn Clark; Crewe West, represented by Cllr Marilyn Houston and Cllr Connor Naismith; and Crewe East represented by Cllr Hazel Faddes, Cllr Martin Edwards and Cllr Jill Rhodes. Cllrs Edwards, Rhodes, Clark, and Houston are also Crewe Town Councillors and Crewe Town Council has been instrumental in funding work to bring the BID proposal forward. Ward Councillors will be briefed regarding the BID proposal prior to committee.
- 49 As part of the BID Proposal development, Groundwork has carried out consultation with businesses in Crewe. This is summarised in the BID proposal at Appendix A. Consultation has included gathering views on the challenges and opportunities that exist for Crewe to inform a draft BID proposal and consulting with businesses on the draft proposal before its finalisation.
- 50 The BID Proposal outlines that in June/July 2023 all businesses premises in the proposed BID area with a rateable value greater than or equal to £12,000 were written to and invited to respond to the consultation on the draft proposal and, that this was supported by 1-2-1 engagement with businesses and workshop. It is understood that consultation events were also held by the BID Proposer.
- 51 The BID Proposal further outlines that responses to the consultation were received from businesses and organisations representing 100 premises that would be liable for a BID levy across the BID area. It sets out that 79% of respondents stated they would support the proposal for a BID in

Crewe, and over 90% of respondents felt the proposal was focused on the right priorities.

- 52 CEC has not undertaken any consultation with businesses, given that this is not a CEC driven proposal.
- 53 Crewe Town Council's active role in funding the BID development, officers have consulted with Crewe Town Council to seek confirmation of their view to be reported to Economy and Growth Committee. The response from the Town Council confirms that they have actively supported the development of the BID and, through provision of funding and officer support, created the opportunity for the process to take place. The Town Council also confirm that it is in the view of the town council a BID would provide strong representation of and engagement with business stakeholders which has typically been difficult to achieve. Further they believe that the formation of a BID would enable its levy payers to make a positive investment and inform direction for the place in which they operate, with a financial resource and management team to achieve their goals for the wider benefit of Crewe. The Town Council also believe that with the loss of HS2, it is more important than ever that every part of the Crewe community works together to continue its regeneration and confirm that they have received very positive responses from local businesses that they support the BID. The Town Council also wish to point out that they have received information from the BID Proposer which indicates there has been a significantly higher level of responses to the draft proposal from local businesses than was achieved in response to the draft proposal for the Wilmslow BID.
- 54 In summary Crewe Town Council ask Cheshire East Council to add its support to the BID proposal by providing a 'Yes' vote *"to bring a new member of 'Team Crewe' to the table."*

Reasons for Recommendations

- 55 Officers are of the view that the BID, established and appropriately managed would achieve outputs complementary to the Council's efforts to support the vitality and viability of Crewe town centre and the wider central Crewe area.
- 56 Given the number of hereditaments owned by the Council, and consequent number of votes the Council could cast in a ballot, the Council's votes could ultimately determine whether the BID succeeds at ballot or not. This being the case, the anticipated benefits of the BID have been considered alongside both the anticipated financial cost of the BID to the Council and in the context of the financial cost to the wider business community.

- 57 Given the ongoing cost of living crisis and inflation levels, it is recognised that many businesses may be struggling and an additional levy on businesses may be problematic for some, even if representing a relatively small additional cost.
- 58 This is a finely balanced recommendation, and whilst officers are supportive of the BID proposal, in view of the potential for the Council's vote to be the determining factor as to whether the BID proceeds or not, officers have left the decision regarding the Council's position on voting to Committee.

Options Considered

- 59 The table below outlines the anticipated impacts and risks associated with the identified options considered.

Option	Impact	Risk
Vote 'No' in the ballot, against the BID Proposal.	With thirteen votes in the ballot, in the event of a close vote, particularly one with a low turnout, the Council voting 'No' could result in the ballot returning a 'No' vote overall and the BID not proceeding to delivery stage, even if businesses returned a majority of 'Yes' votes.	Local businesses in support of the proposal would reasonably be likely to criticise the Council for voting against something which support its own aims and objectives for Crewe. A 'No' return would mean the benefits of the BID proposal would not be realised.
Vote 'Yes' in the ballot, in favour of the BID Proposal.	With thirteen votes in the ballot, in the event of a close vote, particularly one with a low turnout, the Council voting 'Yes' could result in the ballot returning a 'Yes' vote overall and proceeding to delivery stage, even if businesses returned a majority of 'No' votes.	If the outcome of the ballot is 'Yes' and if this is contrary to the majority of votes from local business votes, those against the BID may criticise the Council for taking action which results in them having to pay an additional levy.
Abstain from voting	The result of the ballot would be determined	The Council could be criticised for not actively

	purely by votes cast by businesses who would be required to pay the BID levy.	supporting a proposal aimed at improving Crewe.
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Implications and Comments

Monitoring Officer/Legal

- 60 There is no impediment to delegating authority to the Director of Growth and Enterprise to complete any ballot slips the Council is entitled to complete in the BID ballot, and directing they vote in a particular way in the ballot on behalf the Council for the Council's hereditaments.
- 61 The consequences of voting in a particular way have already been canvassed in earlier paragraphs of this Report. In the event the BID vote is successful it follows that the Council will be become legally liable to meet the financial obligation imposed by the Levy.
- 62 In addition, it will be the Council's responsibility to collect the Levy as the local billing authority. It will be collected in the same way that non-domestic rates are collected now. In the event of non-payment, it will fall to the Council to take enforcement action to recover levies.
- 63 There is no impediment to delegating to the Director of Economy and Growth the authority to agree the most appropriate officer representation for meetings with the BID Body where the Council is invited in an advisory capacity or with the potential to delegate that responsibility further via local schemes of delegation.
- 64 There is no impediment to delegating to the Executive Director of Place power, in consultation with the Chair of the Economy and Growth Committee the authority to determine whether to put forward a Council representative for appointment onto the BID Board if so invited and if so invited to agree an appropriate appointee. There is no statutory right for the Council to sit on a BID Board.

Section 151 Officer/Finance

- 65 The financial consequences of the BID proposal to the Council as billing authority have already been set out and considered by Corporate Policy Committee. These do not relate to the decision before Economy and Growth Committee.
- 66 The Council's vote in this ballot could clearly influence the outcome of the BID ballot.

- 67 In the event of an overall 'No' vote in the BID ballot there would be no additional direct financial consequences for CEC other than as already set out in the report to Corporate Policy Committee.
- 68 In the event of an overall 'Yes' vote the Council would be liable to pay BID levies for the next 5 years.
- 69 The Business Rates team have identified the hereditaments for which CEC is the rate payer and it has been estimated that the total levy, based on current hereditaments, will amount to circa £16,500 per annum for the five-year lifetime of the BID.
- 70 This amount is likely to vary as the Council brings forward development schemes on its hereditaments for example as part of the regeneration programme.
- 71 BID levy bills would be sent to Facilities Management as they receive and pay business rates for the relevant hereditaments. Usually for small increases to revenue expenditure, services would be expected to find compensating savings from somewhere within their service. If pressures become too large to manage within the existing budget envelope, then additional budget would need to be sought via the annual MTFS route.
- 72 In addition to the levy costs, in the event the BID is successful at ballot, there will be financial implications for the Council as Billing Authority since the Council will become responsible for collection of levies. There is provision in the Regulations for the Council to recoup the costs of levy collection and Corporate Policy Committee has approved the recovery of costs arising from the BID development and levy collection, and any other associated costs allowable under the Regulations.

Policy

- 73 The Corporate Plan (2021-25) recognises that successful town centres are vital to ensuring thriving urban and rural economies with opportunities for all. A well-managed, successful BID should support business in central Crewe to thrive economically. The Cheshire East Local Plan states that the Council is fully supportive of the aims of promoting the vitality and viability of town centres as important places for communities and a major focus for employment and drivers of economic growth. Although this proposal encompasses other areas beyond the town centre, it is considered that the BID Proposal broadly supports the strategy and policy of the Local Plan.
- 74 The draft CEC Economic Strategy of 2019 also stated as its first objective "Improving quality of place, with a focus on regenerating our town centres", and again, subject to suitable management by the BID Body, it

is considered this broad aim would be likely to be supported by the BID Proposal.

- 75 Considering the specifics of the Crewe BID proposal, the proposal is also aligned to several other Council priorities referenced in the Corporate Plan including reducing crime and anti-social activity, continuing to grow the visitor economy, and improving the environment.
- 76 The Crewe BID proposal could support the following aims and priorities of the Corporate Plan.

An open and enabling organisation	A council which empowers and cares about people	A thriving and sustainable place
Look at opportunities to bring more income into the Borough.	Work together with residents and partners to support people and communities to be strong and resilient.	A great place for people to live, work and visit.
Listen, learn, and respond to our residents, promoting opportunities for a two-way conversation.		Thriving urban and rural economies with opportunities for all.

Equality, Diversity, and Inclusion

- 77 The Council has not undertaken an Equality Impact Assessment (EIA) on this proposal since it is being brought forward by a third party.

Human Resources

- 78 It is anticipated that in the event of the BID proceeding, there would be a request for officer resource to attend BID meetings. The extent of involvement of officers may need to be limited having regard to current resources within the Economic Development Service and the many other priorities of officers within this service.
- 79 Additionally, if the BID is successful at ballot there will be additional work for the Business Rates Team who will become responsible for collection of the levy.

Risk Management

- 80 There is likely to be both positive and negative reaction to the BID Proposal from local businesses. Whilst the Council is not the BID Proposer there is a clear possibility that the BID proposal may be

perceived as a Council initiative with associated reputational risks. Risks around this can be mitigated by ensuring clear communication and continuing close liaison with the BID Proposer.

- 81 There are varying risks associated with the way the Council votes in the ballot as set out elsewhere in this report. Again, clear communication of the Council's position and thinking behind it is likely to be key to mitigate negative reputational repercussions.
- 82 If the BID receives the required majority 'Yes' vote at ballot and proceeds to commencement, the Council will become the party responsible for collection of the levy. This may again pose risks associated with negative response from parties who either voted 'No' or those who did not vote but are against the levy. Again, clear communication as to the Council's obligations under the regulations will be important to mitigate complaints from any party not happy with levy charges.
- 83 There are additional reputational and financial risks which might flow from procedural error, for example should a challenge be lodged claiming an irregularity in the ballot process. This is being mitigated by ongoing involvement of Legal Services at each stage in the process via an internal working group.

Rural Communities

- 84 There are considered to be no specific implications for rural communities arising from this report.

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

- 85 There are considered to be no specific implications for young people/cared for children stemming from this report.

Public Health

- 86 There are considered to be no direct implications for public health stemming from the BID proposal. If the BID proceeds and is successful in boosting the local economy this could have beneficial impacts although economic benefit may not filter to those in poorest health, particularly in a single term five-year period.

Climate Change

- 87 The BID proposal has the potential to impact on climate change in multiple ways. For example, if the BID supports business to thrive this could encourage more people in Crewe to stay in their local area for leisure, but conversely it could attract new visitors from outside the area,

both scenarios impacting on carbon emissions in different ways. Given that the Council would not be in control of BID expenditure it would be able to exercise only limited influence over initiatives which could have implications for climate change, whether positive or negative.

Access to Information	
Contact Officer:	Jo Wise, Development & Regeneration Delivery Manager jo.wise@cheshireeast.gov.uk 07870 391694
Appendices:	Appendix A: Crewe BID Proposal
Background Papers:	<u>Report to Corporate Policy Committee 11 July 2023</u>

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Connecting Crewe

A private sector led proposal for a
Business Improvement District in Crewe

£1.6 million added value investment in Crewe



- 01 Creating a Better Crewe Experience
- 02 Safer, Cleaner, Greener
- 03 Connecting Crewe's Business Communities



Download this proposal at:
www.connectingcrewe.co.uk

CREWE
BUSINESS IMPROVEMENT DISTRICT
#CreweBID

Our Key Objectives for the Crewe BID

The plan to create a stronger and more connected Crewe business community would:



Deliver a business-led agenda, representing BID Business by influencing and working with strategic partners



Sustainably grow the number of visitors and consumers with high quality, sustained marketing and promotion of BID businesses



Build the right environment to support existing companies and attract new businesses to the Crewe BID area



Create an animated, vibrant and engaging destination



Deliver £1.6million of added value investment



”

“Having a BID in Crewe would provide businesses in the BID area with a voice that would be heard by key decision makers. We would be able to begin shifting the status quo. Currently businesses receive little notice or communication around events or developments. The BID would provide the means to change this for the better.”

Why does Crewe need a BID?

BUSINESS FEEDBACK DURING THE DEVELOPMENT OF THE BID HAS CONSISTENTLY HIGHLIGHTED THE FOLLOWING ISSUES:

- **Crewe's key retail and leisure districts operate in isolation and need a stronger voice**
A BID would connect business communities to create a new and stronger voice for businesses within the BID area.
- **Businesses have fed back about significant levels of crime and antisocial behaviour across Crewe town centre, Nantwich Road and the Grand Junction retail park**
A BID would work alongside Cheshire Police to enable a unified approach to tackling crime and safety issues.
- **Communication of developments, news, events and festivals is poor**
A BID would ensure that your business receives regular, relevant and timely communications and news.
- **Crewe is not pro-actively marketed to consumers or visitors**
Crewe is home to some great retail, leisure and hospitality businesses - including a new market hall, a successful theatre, national retailers and a range of independent businesses. A BID would raise the profile of your business, as well as the overall profile of Crewe as a leisure, retail and hospitality destination.
- **Waymarking and branding is poor, creating a disjointed and confusing experience for new visitors to Crewe**
The BID would enhance the brand identity, as well as the look and feel of each of the areas within the proposed BID, complementing other branding and waymarking initiatives being taken forward by Cheshire East Council.
- **Businesses in the proposed BID area report they are rarely part of the conversations with key stakeholder at Cheshire East Council and Crewe Town Council resulting in a lack of representation of business views and insights.**
The BID would represent your local business interests in its work with Cheshire East Council and Crewe Town Council, lobbying for improvements and supporting opportunities for.

HOW WE HAVE CONSULTED WITH BUSINESS AND WHAT BUSINESSES HAVE SAID:

- A BID feasibility study engaged 300+ premises in Crewe within the proposed BID area with a rateable value greater than or equal to £12,000 in 2021/22
- In June / July 2023 all premises in the proposed BID area with a rateable value greater than or equal to £12,000 were written to and invited to respond the consultation on the draft plan for a BID in Crewe.
- The consultation on the draft plan was supported by 1-2-1 engagement with businesses and workshops.
- Responses were received from businesses and organisations representing 100 premises that will be liable for a BID levy across the proposed BID area.

> 90% of respondents provided feedback that the plan for a BID in Crewe was focused on the right priorities

79% of respondent stated they would support the proposal for a BID in Crewe

70% of companies said marketing of Crewe is poor

More than 70% of business respondents have stated investment in place promotion, safety and security, image / street cleansing and business support are very important or important.



A new business led partnership tackling antisocial behaviour and business crime



A business-led agenda to improve communications and collaborative working



A 5 year programme of image and environmental enhancements

The main BID benefits in 6 points



What Crewe businesses say

"Great idea to get more people into Crewe."

"Would like more greenery, more communication."

"Not enough advertising of things going on in town."

"Makers Market is great for custom. Need more things like this."

"Nantwich Road desperately needs support to survive."

"Would like to see Crewe being brought back to life."

"Put more events on like the Makers Market. It has been beneficial for our business."

"There are gangs of kids threatening the staff, they have wrecked their bicycles they use to travel to work on and it's just getting worse. Police are involved but can only do so much. I am definitely in favour of the BID proposal."

"Regular town centre meetings / retailer gatherings, whether this be a monthly or quarterly activity."

"Not sure how long I can carry on in business. Something has to be done."

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"The Crewe BID would create an opportunity for an improved deal for businesses operating in the proposed BID area. This would result in a stronger voice and more influence with Cheshire East Council and Crewe Town Council, to shape the future development of Crewe's key retail, leisure and hospitality districts"



More frequent and higher impact events and festivals to create a new experience for consumers



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A stronger voice for businesses in Crewe Town Centre, Nantwich Road and the Grand Junction Retail Park



£300,000 investment into marketing and promoting Crewe BID companies to 200,000+ consumers in and around Crewe



Guiding Principles for the Crewe BID

CREWE BID – “WORKING IN YOUR INTEREST”

The Crewe BID would be governed by a business-led partnership which would deliver the priority actions identified by businesses during the development of this BID proposal.

- The BID would be democratic, representative and effective for its members at all times
- All businesses and organisations who are included in the BID would have the opportunity to put forward a representative as a BID Board Member
- The BID would be robustly managed and governed to ensure that it acts with integrity, to the highest industry standards
- The BID would be proactive in communicating and reporting to levy payers through its 5-year lifespan.



Crewe Business Improvement District



VOTE **YES** BETWEEN 2nd NOVEMBER AND 30th NOVEMBER

The Crewe BID would operate for five years between the period **1st April 2024** through to the **31st March 2029**.

If approved at ballot the BID would commence **121** days after the notice of the result.

For more details on how the BID works see the BID FAQs section.

FOR THE BID TO BE APPROVED:

- A majority will need to vote in favour of the proposal from the number of votes cast.
- This must include a majority of rateable value from votes cast in favour of approving the proposal for a BID in Crewe.

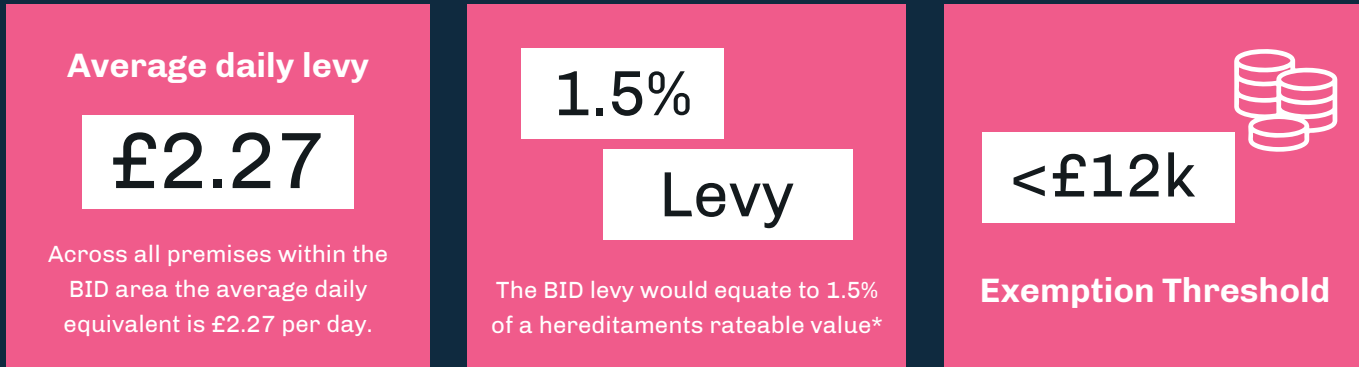


How much would it cost

BIDs are designed to be fair. Larger businesses invest more than smaller ones and all business sectors benefit from the improvements. Crewe is also home to a number of office and professional service-based companies, all of whom would be contributing members of the BID where their premises have a rateable value greater than or equal to £12,000.

The average daily cost across 80% of premises is 95pence per day

All premises with a rateable value below £12,000 are exempt.



*For the first year of the BID starting in April 2024, the BID levy would be 1.5% of a hereditament's rateable value, with a small 0.05 annual increase to maintain the BID's annual investment during its lifetime.

Funds raised through the BID would only be invested in enhanced, additional services to those provided by Cheshire East Council and Crewe Town Council

The BID would create a new and unique partnership between all businesses across Crewe town centre, Grand Junction Retail Park and Nantwich Road.

BIDs have been widely adopted across the UK, and have a proven ability to create improved, stronger and more successful town and city centre locations. All eligible businesses (premises with a rateable value greater than or equal to £12,000) across the proposed BID area will have the opportunity to vote in the postal ballot about the BID.

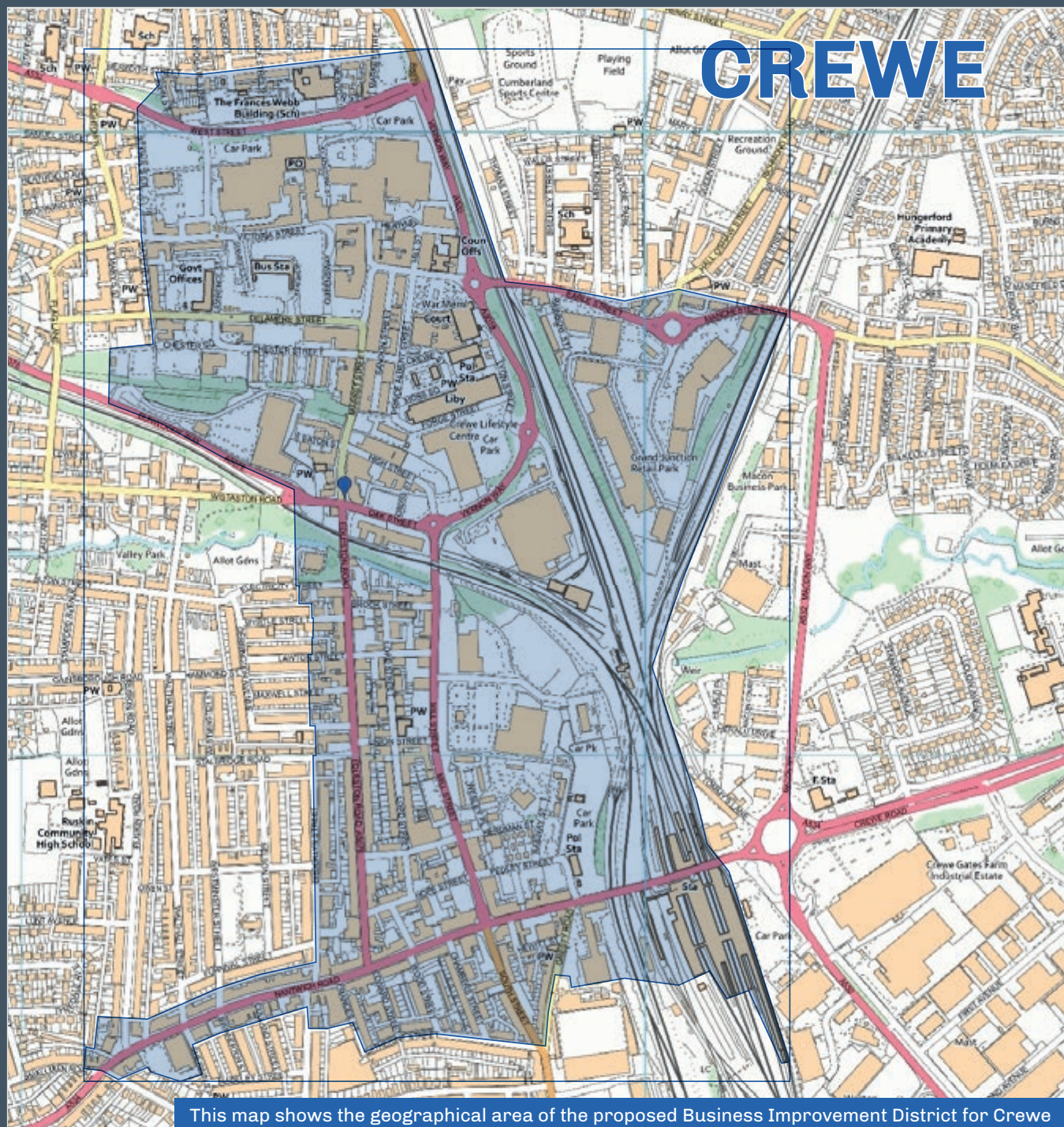
For the BID to be approved it will need to achieve a majority vote in favour of the proposal from the number of votes cast, and these will need to include a majority of rateable value from votes cast in favour of approving the proposal.

If approved, the BID would introduce a small mandatory additional levy for eligible businesses / organisations that are the registered ratepayer for liable premises within the BID area.

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“Stoke, Northwich, Wilmslow, Chester, Newcastle-under-Lyme and Warrington have all approved BIDs to provide businesses with the opportunity to have a stronger voice and deliver additional investments in their towns”

The BID Area



This map shows the geographical area of the proposed Business Improvement District for Crewe

Brooklyn Street	Edleston Road	Hill Street	Moss Square	South Street (Part of)
Camm Street	Edward Street (Part of)	Hope Street	Myrtle Street (Part of)	St Paul's Street
Chambers Street (Part of)	Electricity Street (Part of)	John Street	Nantwich Road	Stalbridge Road (Part of)
Chapel Street	Ernest Street (Part of)	Lawton Street (Part of)	Newdigate Street	Swinerton Street (Part of)
Charles Street	Forge Street	Lockett Street	Oak Street	Union Street
Chester Bridge	Frances Street (Part of)	Lord Street	Part of Chetwode Street	Vernon Way
Chester Square	Furnival Street	Lyceum Square	Pedley Street	Victoria Centre
Chester Street	Gatefield Street	Lyon Street	Prince Albert Street	Victoria Street
Culland Street (Part of)	Grand Junction Way	Market Centre	Queensway	Wesley Place
Delamere Street	Gresty Road (Part of)	Market Street	Railway Street	West Street
Derrington Avenue (Part of)	Heath Street	Maxwell Street (Part of)	Rainbow Street	Westminster Street (Part of)
Dunwoody Way (Part of)	Herdman Street	Meredith Street	Ruskin Road (Part of)	Wood Street (Part of)
Earle Street	Hewitt Street	Mill Street	Sandon Street	
Eaton Street	High Street	Mirion Street (Part of)	Sherwin Street (Part of)	

Our Vision

Our vision is to connect the key retail, leisure and hospitality districts in the centre of Crewe covering Nantwich Road, Crewe town centre and the Grand Junction Retail Park to deliver a stronger, more vibrant and attractive offer for consumers who live and work in and around Crewe.

This plan for a Business Improvement District in Crewe would provide a new opportunity for businesses and stakeholders to work together and make a step change in the management and promotion of Crewe's key retail, leisure and hospitality locations including Nantwich Road, Crewe town centre and the Grand Junction Retail Park.

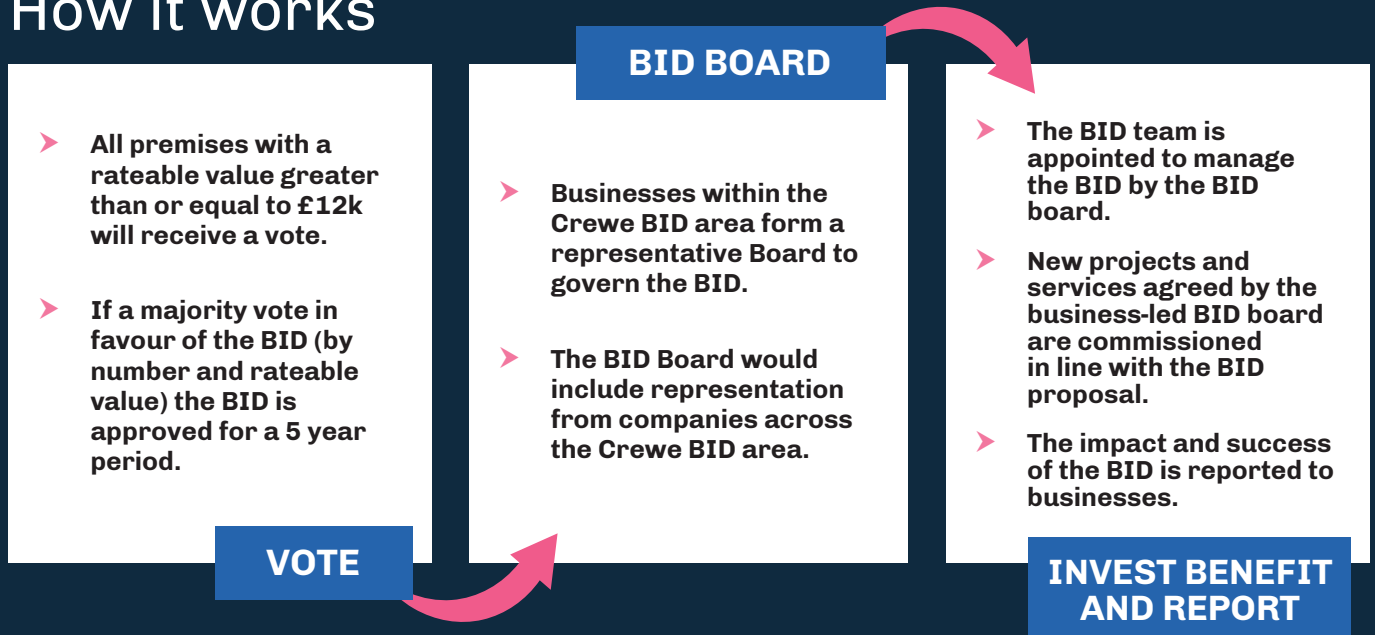
This proposal has been produced on behalf of the Crewe BID Steering Group. The group was formed in February 2023 to enable businesses to lead on the creation of a BID for Crewe. The Steering

Group included individuals involved in moving Crewe forward, as well as businesses interested in collaborating to improve Crewe.

In producing this proposal, feedback from local businesses has highlighted clear hopes and aspirations for Crewe to improve the overall experience for consumers in the proposed BID area. There is also a consensus from many businesses about the need for regeneration, however, frustrations also exist around the pace of change and the limited opportunity for businesses to drive and support this process of change.

"This proposal seeks to make a step change in the ability of the business community in the BID area to drive change, delivering improvements and transforming the image and reputation of Crewe."

How it works



What could a BID deliver?

This proposal has been broken down into three themes. Under each theme are a list of indicative projects and services that we believe are important in enabling the proposed BID area to compete in an increasingly competitive and uncertain trading environment.

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The BID would enable the business community to clearly communicate the change that is planned for Crewe. With more than £100million of capital investment expected to be delivered in the coming years, Crewe is changing, and the BID would shift consumer perceptions and reinforce the message that Crewe is changing for the better.

Theme 01 -

A Better Crewe Experience

Our ambition is to connect businesses within the BID area with 200,000+ consumers and visitors, increasing consumer visits and creating a sustainable and vibrant experience for visitors to Crewe town centre, Nantwich Road and the Grand Junction Retail Park.

To achieve these objectives the BID could invest in:

Improved marketing and promotion of Crewe and the companies within the proposed BID area

- ▶ Engaging 200,000+ consumers annually
- ▶ Dedicated website and social media channels to drive engagement with consumers 24/7
- ▶ Creating a new narrative for the Crewe BID area as a destination for consumers
- ▶ Communicating to consumers that 'Crewe is Changing' for the better
- ▶ Development of 'Crewe's Story' promoting Crewe's assets, heritage and relevance to consumers and visitors
- ▶ Working with regional and national media to raise the profile of Crewe as a destination

Animating the Crewe BID area with a business led programme of vibrant events and festivals

- ▶ Creating a new event driven experience for consumers and visitors
- ▶ High impact seasonal events to attract more consumers and visitors, covering Christmas, Easter and Summer
- ▶ Investment in innovative new events, e.g. food and drink, tech, music and innovation
- ▶ Using events to link the town centre, Grand Junction Retail Park and Nantwich Road traders
- ▶ Creating a joined-up experience for consumers between venues e.g. restaurants and the Lyceum theatre
- ▶ Creating events that increase the amount of time people spend in Crewe town centre, Grand Junction Retail Park and Nantwich Road



Theme 02 - Cleaner, Greener, Safer

Businesses have communicated that improvements are needed to create a safer, green and cleaner environment for business. The BID would enable improvement projects to start as early as January 2024 when the BID could start a business led programme of environmental and safety enhancements.

The BID would also work with Cheshire East Council and Crewe Town Council to ensure that basics are right across the town centre, and that baselines for cleansing and environmental programmes are delivered.

Private Sector led Business Crime Reduction Partnership

- ▶ An enhanced and more expansive radio network
- ▶ Improved sharing of offender information
- ▶ Tackling anti-social behaviour and the root causes of business crime

Image and Place Improvements

- ▶ Gateway features and improved waymarking
- ▶ Improving the presentation of vacant units e.g. through the use of vinyl wraps
- ▶ Creating a connected visual identity for the business communities across Crewe town centre, Grand Junction Retail Park area and Nantwich Road
- ▶ New banners and signage to lift the look and feel of the BID area

Environmental Enhancements

- ▶ Investment and maintenance of new planting features and displays
- ▶ Tackling grot spots
- ▶ Enhanced street cleansing and litter picking
- ▶ Working with Cheshire East Council and Crewe Town Council to get the basics right

“Consumers, visitors and employees want an attractive and appealing environment in Crewe. The BID would lead on investing in environmental enhancements in a responsive and proactive manner”



Theme 03 -

Connecting Crewe's Business Communities

The BID's vision is to unite the business community across Nantwich Road, Crewe town centre and the Grand Junction Retail Park to deliver a stronger, more vibrant and attractive offer for consumers who live and work in and around Crewe.

To support this the BID could look at a number of initiatives:

A Private Sector led BID Board for the Crewe BID area Governing the BID Investment

- ▶ Representative of businesses across Crewe town centre, Nantwich Road and Grand Junction Retail Park
- ▶ Lobbying for improvements in the BID area on behalf of BID levy payers
- ▶ Driving forward improvements and lobbying for change in the BID area
- ▶ Creating a new voice for companies across the BID area

The Crewe BID Team supporting your business

- ▶ Keeping you informed about activities and opportunities – what is happening in Crewe
- ▶ One-stop shop for BID paying businesses to refer problems and opportunities
- ▶ Helping to tackle barriers to growth
- ▶ Finding opportunities for training and upskilling employees in the BID area
- ▶ Promoting discounts / deals to employees from Crewe BID businesses
- ▶ Connecting with partners who can assist such as the Chamber of Commerce

Investment to secure enhanced consumer and footfall data

- ▶ Improving our understanding of consumers and visitors in and around Crewe
- ▶ Tracking footfall shifts and changes
- ▶ Identifying which initiatives have the best impact on improving visitor numbers



Attracting New Investment, Entrepreneurs and Skills

- ▶ Creating a new positive online presence for the Crewe BID area as a place to invest and work
- ▶ Engaging with potential investors and providing support to business start ups in the BID area

Joining together Crewe's Business Communities

- ▶ Creating a new working partnership between Nantwich Road traders, Grand Junction Retain Park and Crewe town centre businesses
- ▶ Creating links to larger employers and their employees
- ▶ Working with the Chamber of Commerce
- ▶ Engaging Colleges and Universities

“Leading the agenda and being part of the conversation with stakeholders, the BID would shift the current position where things happen to businesses with little or no notice.”

How the BID would operate

The Business Improvement District would be governed and directed by the Crewe BID Board. The Crewe BID Board would be formed from Directors of the BID company, who would be voluntary representatives of BID levy paying businesses and organisations from across the Business Improvement District area.

The Board would include representation from:

- Independent businesses
- Businesses that are part of larger groups
- Representation from Crewe town centre, Nantwich Road and Grand Junction Retail Park

Any business / organisation with a liability for payment of a BID levy would be able to put a representative forward for appointment onto the Board.

The BID Board would invite Cheshire East Council, Cheshire Police and Crewe Town Council to relevant meetings in an advisory capacity. This is in addition to their option to put forward a formal BID Board member where they are occupiers of hereditaments within the BID area with a rateable value greater than or equal to £12,000. The BID Board would select a Chair and Vice Chair from the membership of the BID Board to lead the Crewe Business Improvement District and meet a minimum of 6 times a year.

The BID Body would be the Crewe BID Company Ltd. The company would be a not-for-profit company limited by guarantee. Once the company is set up and trading, the Memorandum and Articles of Association and copies of audited accounts will be available on request.

Performance Monitoring

The BID would monitor and report on a range of key performance indicators (KPIs) including:

- Footfall research: In particular, when festivals and events are being delivered at key periods
- Crime and Safety - Incidence of crime statistics
Consumer perceptions
- Business community perceptions
- Retail Vacancy rates
- Quarterly Image audits of the town centre

Reporting the work of the BID to Levy Payers and Cheshire East Council

The level of progress made on the delivery of the Business Improvement District would be periodically reported to businesses and the billing authority (Cheshire East Council) on a regular basis by the Business Improvement District Board through the following communication channels:

- BID Financial Statement - A BID financial statement would be issued with each BID levy demand. This statement would detail the plans for expenditure by the BID in the forthcoming 12 months and also report on the finances of the BID and key achievements from the previous 12 months
- Annual General Meeting
- Annual Report and Accounts
- Regular website and social media updates, e-bulletins, printed bulletins and press releases

The BID Levy

All non-domestic ratepayers in the geographical area with a rateable value greater than or equal to £12,000 would be liable for a BID levy. This would include all organisations that occupy a rateable property (hereditament) and property (hereditament) owners/ leaseholder (when units are vacant) in the BID geographical area.

Hereditaments with a prime purpose of use as a place of worship or state school provision would be excluded. The maximum liability for a BID levy would be capped at a maximum of £15,000 per annum per hereditament.

The first Business Improvement District levy would be charged annually for the period 1st April through to 31st March.

Cheshire East Council would be responsible for billing and collecting the levy on behalf of the Business Improvement District. The payment of the BID levy must be paid in full within 30 days of the BID levy invoice being issued, except where a company enters into an instalment plan.

Cheshire East Council would pursue any non-payment of the BID levy in accordance with its usual procedures for the collection of non-domestic rates. Unless otherwise agreed in writing between the BID Body and Cheshire East Council as billing authority, the BID levy invoice is payable by whomever is the liable party for non-domestic business rates on the date the levy is invoiced. No refunds would be payable where there is a change of ratepayer or ownership before the next levy is invoiced.

The BID levy would be set at 1.5% of rateable value for all hereditaments to increase by 0.05% of a hereditament's rateable value each 12 months from April 2025, to provide a small annual increment to allow the level of investment to be maintained. All hereditaments with a rateable value below £12,000 would be exempt, however those businesses who wish to make a voluntary contribution towards the BID may do so and the levy would be calculated at 1.5% of rateable value.

The BID Levy

The current rating list is based on the 2023 valuation. Levy payments would be based on the 2023 valuation and remain fixed for the period of the BID in line with the values at the time of the BID ballot except where any new streets are subsequently created and any new, refurbished or reconstructed hereditaments subsequently entered into the National Non-Domestic Rates list and falling in the BID area. In these circumstances hereditaments would become liable for a new / varied BID levy towards the Crewe BID and the income and expenditure budgets would be amended in line with this variation to enable the BID to invest at the new levels of income available.

Vacant properties, or those undergoing refurbishment would be liable for the BID levy. This includes premises which have temporarily been zero-rated from a value equal to or above £12,000 during the refurbishment (in which case the last valuation before zero rating would apply). In these circumstances, it would be the registered business rate payer at the time that the notice of ballot is issued who would be entitled to vote in the BID ballot.

In any circumstances where an overpayment has been made, for example if a hereditament is revalued at a lower value, a credit would be given for the BID levy only where a written notification and request is received within 3 months of the BID levy date.

Business Plan Finances

Income	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Forecast BID Contribution (£)	260,450	268,575	276,319	284,064	291,808	1,381,216
Match Funding / Other Income (£)	32,000	39,000	47,000	52,000	57,000	227,000
Estimate of Predicted Revenue (£)	292,450	307,575	323,319	336,064	348,808	1,608,216

BID Expenditure	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Theme One - A Better Crewe Experience (£)	105,000	128,500	137,050	140,653	144,310	655,513
Theme Two - Safer, Cleaner, Greener (£)	104,500	108,000	115,338	122,767	115,293	565,897
Theme Three - Connecting Crewe's Business Communities (£)	29,000	30,450	31,973	33,571	35,250	160,243
Management and Levy Collection Costs (£)	41,914	28,162	29,455	30,806	42,219	172,556
BID Development Costs	10,000	10,000	10,000	10,000	10,000	50,000
Total Annual Expenditure Budget (£)	290,414	305,112	323,815	337,796	347,072	1,604,209
Project Contingency and Estimated Cashflow Balance (£)	2,037	4,499	4,004	2,271	4,007	4,007

- Where the level of income recovered through the BID levies charged is greater than the forecast level, this additional income would be used to support further investments by the BID, and the income budgets amended to reflect this new income.
- The costs for developing the BID have been funded by Crewe Town Council. The budgets for the BID assume that these costs invested by Crewe Town Council to develop the BID would be recovered from the BID Levy by Crewe Town Council.
- The Town Council would have 6 months from the day of the BID Ballot in which to formally request repayment of BID monies, after which Crewe Town Council would lose the right to recover all or part of the BID development monies invested.
- The costs of levy collection by Cheshire East Council, including software costs would be recovered from the BID levy.
- The BID area, themes, governance and management arrangements and overall BID income percentages can only be altered via an alteration or renewal ballot. Any alteration to the BID arrangements that does not require an alteration ballot or renewal ballot will be subject to consultation between CEC as the billing authority and the BID Body. Following consultation with the billing authority any alteration will require approving by the Crewe BID Board; for which a minuted resolution will be recorded by the BID Board. All other arrangements including specific projects and the percentage of funding allocated to each theme within the BID may be altered within the constraints of the overall BID budget without the need for an alteration or renewal ballot.
- Businesses and organisations that are not liable for a BID levy may apply to become a voluntary member of the BID at the discretion of the BID Board upon payment of a BID levy invoice paid directly to the Crewe BID Company Ltd.

The BID Ballot

A non-domestic ratepayer (business ratepayer) would be entitled to vote if they are listed as a non-domestic ratepayer on the date the notice of ballot is published. Each business ratepayer entitled to vote shall have one vote in respect of each hereditament (premises/building with an individual rateable value) in the geographical area of the Business Improvement District on which non-domestic rates are payable.

For the Business Improvement District to proceed there must be:

- A majority voting in favour of the proposal from the number of votes cast
- A majority in level of rateable value from votes cast in favour of approving the proposal

The Ballot Timetable

- Ballot papers will be sent out to reach eligible businesses on the **2nd November 2023**.
The ballot will close at **5pm on 30th November 2023**
- The result of the ballot will be declared on the **1st December 2023**, or as soon as possible after this date

Baseline Agreements

To ensure that the Business Improvement District does not fund services provided by Cheshire East Council or Crewe Town Council a number of baseline commitments have been provided.

The BID Body would monitor the baseline agreements on an on-going basis to ensure that these councils maintain their agreed service delivery. This would ensure the BID's funding does not back fill or fund any baseline / statutory services. To view the baseline service statement from Cheshire East Council and Crewe Town Council visit:

www.connectingcrewe.co.uk.



The Crewe BID Steering Group

The Crewe BID Steering Group was established in February 2023 to bring businesses together and deliver a business led partnership that would enable the creation of a BID in Crewe.

The group is open to all businesses in the town centre who are interested in working together to create a more vibrant and prosperous town centre. If the proposal for a BID is approved at ballot, the Steering Group will be replaced by the BID Board.

The Crewe BID Steering Group has included representatives from businesses, organisations and groups from Crewe town centre, Nantwich Road and the Grand Junction Retail Park. Some of the companies, organisations and groups represented at steering group meetings have included:

- Co-op
- Crewe Engineering and Design UTC
- Grand Junction Retail Park
- Nantwich Road Action Group
- Riminis Café
- Rymans
- Specsavers
- The Market Centre
- Toms Tap and Brewery
- Wishing Well Project
- YMCA

For further information about the Crewe BID steering group please email:

greville.kelly@groundwork.org.uk



Frequently Asked Questions

What is a Business Improvement District (BID)?

A Business Improvement District is a defined area in which a small levy is charged on all eligible business rate payers in addition to the business rates bill. The funding raised through the levy is used by the local business community to develop projects which benefit the defined area and create a more prosperous and vibrant destination.

There is no limit on what projects or services can be provided through a Business Improvement District. The only requirement is that it should be something that is in addition to services provided by local authorities. Improvements may include, but are not limited to, improved place marketing to attract new consumers, events / festivals to drive footfall, extra safety/security, cleansing and environmental improvements.

What are the benefits from a BID

- Increased footfall and vibrancy
- Improved communications and a stronger voice for businesses around the management of their business districts
- Reductions in crime and anti-social behaviour
- New events and festivals to re-engage consumers
- Marketing and promotion of local companies to millions of new consumers
- Enhanced cleansing and additional planting to create a more attractive destination for consumers
- Improved access to public funded grants and business support
- Reduced utility costs through accessing joint procurement initiatives

A new, additional investment led by the private sector

- The BID could generate £1.5 million of new investment into our town centre between 2024 and 2029
- This investment would be managed and delivered by a new business led partnership, who would be answerable to the wider business community who fund the BID

Where does the investment come from?

- The investment would principally come from a small additional levy paid by each premises (hereditament) within the BID area with a rateable value equal to or greater than £12,000
- The average daily cost for 80% of premises with a RV equal to or greater than £12,000 would pay less than £1/day, whilst the average costs for premises would be £2.27/day
- The smallest premises (less than £12,000 RV) in the BID area would be exempt from paying anything

- Together this would raise an investment of over £1.4 million over 5 years, which we expect would leverage additional funding from a range of sources to secure an investment for Crewe of over £1.6m

Who decides if the BID is to be introduced?

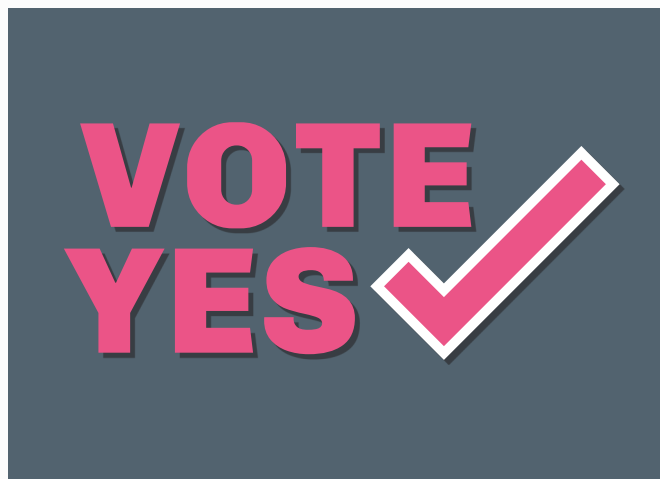
- All eligible premises will be able to take part in a 28-day postal ballot vote to approve or reject the proposal for a BID in November 2023
- If a majority vote in favour of the proposal from the number of votes cast, and this represents a majority in level of rateable value from votes cast in favour of approving the proposal, the BID would come into operation from 2024, when all premises with a rateable value equal to or greater than £12,000 would pay the small annual levy towards the BID

How is this different to business rates?

- The BID levy is separate from your business rates. Business rates are a statutory local tax levied to fund expenditure by local and national government. Businesses have no direct control over how these funds are spent
- The BID levies raised are held locally and would only be invested in specific projects and services, additional to base line services provided by the public sector. The BID funds would be invested under the direct control of the businesses community who pay the annual BID levies

Where do Business Improvement Districts already operate?

- Businesses and organisations in Northwich, Stoke-on-Trent, Wilmslow, Altrincham, Manchester City Centre, Warrington and Chester have established BIDs in recent years
- BIDs have been embraced by towns and cities across the UK since 2004 when they were first introduced
- More than 300 BIDs have been approved since 2004





The main BID benefits in 6 points



A new business led partnership tackling antisocial behaviour and business crime



A business-led agenda to improve communications and collaborative working



A 5 year programme of image and environmental enhancements



More frequent and higher impact events and festivals to create a new experience for consumers



A stronger voice for businesses in Crewe Town Centre, Nantwich Road and the Grand Junction Retail Park



£300,000 investment into marketing and promoting Crewe BID companies to 200,000+ consumers in and around Crewe

For more information please visit www.connectingcrewe.co.uk or email andrea.morely@groundwork.org.uk



The Crewe BID Development project is funded by Crewe Town Council.

CREWE
BUSINESS IMPROVEMENT DISTRICT
#CreweBID

Economy and Growth Committee Work Programme 2023/24

Report Reference	Economy and Growth Committee Date	Title	Purpose of Report	Lead Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment	Corporate Plan Priority	Part of Budget and Policy Framework	Exempt Item and Paragraph Number
EG/10/23-24	16/01/2024	Third Financial Review of 2023/24 (Economy & Growth Committee)	To note and comment on the Second Financial Review and Performance position of 2023/24 and approve Supplementary Estimates and Virements.	Director of Finance and Customer Services (S151 Officer)	No	No	Open	Yes	No
EG/12/23-24	16/01/2024	Medium Term Financial Strategy Consultation 2024/25 - 2027/28 Provisional Settlement Update (Economy & Growth Committee)	To respond to the budget consultation	Director of Finance and Customer Services (S151 Officer)	Yes	No	Open	Yes	No
CP/64/23-24	16/01/2024	Local Enterprise Partnership Functions - Transition Arrangements	to consider options for delivery of the Local Enterprise Partnership functions from 1 April 2024.	Acting Executive Director Place	Yes	Yes	Open	TBC	No
EG/21/23-24	16/01/2024	Handforth Garden Village - Business Plan Update	To provide an update on the Handforth Garden Village following the completion of the revised business case.	Head of Economic Development	N/A	No	Open	Yes	TBC

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Economy & Growth Committee

14 November 2023

Royal Arcade Phase 2, Crewe

Report of: Peter Skates, Acting Executive Director - Place

Report Reference No: EG/18/23-24

Ward(s) Affected: Crewe Central ward.

Purpose of Report

1. To allow committee to further consider the position on the delivery of Phase 2 of the Royal Arcade development scheme in Crewe town centre and the options for the next steps, so that a preferred option can be agreed and progressed.
2. The report primarily relates to the Council's Corporate Plan:

Aim: Green - *We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development*

Priority: A thriving and sustainable place - *A great place for people to live, work and visit.*

Executive Summary

3. The Council has previously taken several decisions relating to redevelopment of the Council-owned Royal Arcade site in Crewe town centre, which forms a key element of its wider Crewe town centre regeneration programme.
4. A development agreement between the Council and Peveril Securities Ltd (PSL) had been entered into in October 2020, which would deliver a scheme in two phases.
5. Phase 1 of the redevelopment, comprising a new bus station and multi-storey car park, is well advanced and is expected to be completed in Spring 2024.

6. Phase 2 of the Royal Arcade scheme, comprising the proposed commercial elements, was expected to commence following the completion of Phase 1. At the point that the development agreement was entered into, this was viable. However, since that point, viability has been seriously impacted by the Covid pandemic, post-Covid construction cost and supply issues and other economic influences.
7. An explanation of the issues and options to take forward redevelopment of the site is provided.
8. The report recommends that the committee:
 - note the assessment of the current viability challenges of Phase 2 of the Crewe town centre Royal Arcade redevelopment scheme ('Phase 2'), and consider the options for future use/development of the site;
 - establish a 'member reference group' for the purpose of further consultation with elected members and delegate responsibility, where necessary, to the Executive Director – Place and Director of Governance & Compliance to:
 - > advance plans for meanwhile uses (Option 4) and undertake further assessment of options for 'meanwhile' uses for the site, including commissioning feasibility studies, etc.;
 - > procure/appoint third parties and/or enter into lease agreement(s) with parties for an initial period of up to five years for the operation and occupation of the site, with a Council option to extend;
 - > utilise the remaining budget in the Council's Medium Term Financial Strategy already allocated to the Crewe Town Centre Regeneration Programme, and/or other Towns Fund grant allocations, for the purposes of implementing the preferred option(s), including the procurement/purchase of any works, equipment, infrastructure and professional services.
 - > continue to explore alternative funding opportunities for the scheme as originally proposed (Option 1) and review options for the longer-term development of the site (Option 3), including undertaking public consultation and viability assessment.

subject to the Budget Policy & Framework Procedure Rules and Finance Procedure Rules set out in the Council's constitution; and

- delegate responsibility to the Executive Director – Place and Director of Governance & Compliance to, where necessary and at the appropriate time, terminate the Council's development agreement

with Peveril Securities Ltd (PSL) and to take any decisions necessary related to this.

RECOMMENDATIONS

The Economy & Growth Committee is recommended to:

1. Note the assessment of the current viability challenges of Phase 2 of the Crewe town centre Royal Arcade redevelopment scheme ('Phase 2'), and consider the options for future use/development of the site;
2. Establish a 'member reference group' for the purpose of further consultation with elected members and delegate responsibility, where necessary, to the Executive Director – Place and Director of Governance & Compliance to:
 - a) advance plans for meanwhile uses (Option 4) and undertake further assessment of options for 'meanwhile' uses for the site, including commissioning feasibility studies, etc.;
 - b) procure/appoint third parties and/or enter into lease agreement(s) with parties for an initial period of up to five years for the operation and occupation of the site, with a Council option to extend; and
 - c) utilise the remaining budget in the Council's Medium Term Financial Strategy already allocated to the Crewe Town Centre Regeneration Programme, and/or other Towns Fund grant allocations, for the purposes of implementing the preferred option(s), including the procurement/purchase of any works, equipment, infrastructure and professional services.
 - d) continue to explore alternative funding opportunities for the scheme as proposed (Option 1) and review options for the longer-term development of the site (Option 3), including undertaking public consultation and viability assessment.subject to the Budget Policy & Framework Procedure Rules and Finance Procedure Rules set out in the Council's constitution; and
3. Delegate responsibility to the Executive Director – Place and Director of Governance & Compliance to, where necessary and at the appropriate time, terminate the Council's development agreement with Peveril Securities Ltd (PSL) and to take any decisions necessary related to this.

Background

1. The Royal Arcade site is a council-owned site in Crewe town centre, which was purchased in 2016. The Council's intention was to redevelop the site to deliver a new mixed-use development with a leisure focus, 'anchored' by a new cinema.
2. Reflecting national changes in retailing, the approach recognised the shift in online and out-of-town retailing and was intended to help diversify the town centre offer, providing a wider range of attractions for people to visit.
3. The scheme forms a key part of a much larger £100m+ town centre regeneration programme that incorporates over 20 projects, mainly delivered by the Council, with funding secured from the Government's Future High Streets Fund, Towns Fund, UK Shared Prosperity Fund as well as other sources such as the National Lottery Heritage Fund and the council's own budgets. This funding is being used to help diversify uses in the town centre, creating other amenities that help to drive footfall of local residents and visitors.
4. In October 2020, following a procurement process and commercial negotiations, the Council entered into a development agreement for the Royal Arcade site with Peveril Securities, with a scheme expected to be delivered in two phases – Phase 1 being a new bus station and multi-storey car park, and Phase 2 being the commercial elements of scheme.
5. Phase 1 is well advanced and is expected to be completed in Spring 2024, taking account of some anticipated delays due to an incident on the site in June 2023. The bus station will be a significant improvement of the previous arrangement, with an enclosed concourse/waiting area and public toilets. The 389-space car park will provide a cleaner, safer environment for users, creating new capacity and freeing-up other surface car parks in the town centre to support their regeneration (e.g., Lyceum Square – Ly², Oak Street – YouthZone, Delamere Street – residential).
6. Phase 2 was expected to commence following the completion of Phase 1. At the point that the development agreement was entered into the scheme was viable and was expected to achieve the developer's minimum financial return of 15%. This was in the context of, and under the assumption that, market conditions and build cost inflation post the Covid 19 Pandemic would not be materially different to those which existed before the outbreak. However, over the following three years, the commercial development sector has been significantly impacted, with:
 - a) sustained double-digit inflation in construction costs, with material costs forecast to increase further, albeit at a reduced rate of growth;

- b) institutional investors withdrawing from purchasing town centre schemes without a 'gilt-edged' security base – all schemes of this nature are now requiring more public sector investment/ commitment;
 - c) a decline in town centre investment values by some 20-25% over the past two years due to the deterioration in investor sentiment;
 - d) the cost-of-living crisis hitting consumer confidence and, as a result, retail/leisure spend is adversely challenged. This has made tenants/operators less confident, reduced demand and competitive tension for space, and occupiers are willing only to take on new space on terms advantageous to their business. They therefore continue to seek cheaper rents, longer rent-free periods, and high levels of contributions towards their fit-out;
 - e) market and investment confidence in Crewe impacted by uncertainty around the delivery of HS2 High Speed Rail, and subsequently the cancellation of HS2 by government.
 - f) the war in Ukraine and wider economic concerns continue to be a destabilising force to market sentiment with little prospect for the foreseeable future that investor demand for town centre leisure led mixed use schemes will improve without significant additional public investment; and
 - g) increases in interest rates which along with a more cautious bank lending sector has adversely affected the cost and availability of finance for development.
7. Together, these are impacting heavily on the viability of commercially led leisure and retail developments, not just in Crewe, but across the UK. Throughout this period Peveril Securities, and their development managers, Cordwell Property, have been proactive in engaging with the Council. This includes identifying a new cinema operator after Empire Cinemas withdrew during the pandemic, as well as identifying means of reducing the growing viability gap by exploring other development options and funding mechanisms.
8. Through this dialogue, and taking the advice of the council's appointed advisers, Cushman & Wakefield (commercial property) and Browne Jacobson (solicitors), officers have regularly updated Economy & Growth committee up to this point, at which four options have now been identified for Phase 2.
- Option 1:** Proceed with the development – but identify other sources of public sector funding to address the viability gap.

Option 2: grant a 12 - 24 month extension to the existing development agreement with Peveril Securities to let the market settle and provide a temporary meanwhile use.

Option 3: Terminate the development agreement and consider the potential for a smaller scheme and/or alternative uses, including potential sale/lease (e.g., housing, hotel, offices), other council/public sector development opportunities, or retain some/all for public use (e.g., public space/park).

Option 4: Terminate the existing development agreement and seek to use the site as an urban/ pocket park or other 'meanwhile uses'. 'Meanwhile uses' are temporary uses for land/properties that are expected to have a longer-term development outcome. They are frequently used to add vibrancy to town centres through a range of different commercial and non-commercial activity. Their temporary form can allow for quicker changes to the type of use and so be more responsive to local demand and provide opportunities for seasonal activities.

9. It is noted that some of these options are not mutually exclusive (e.g., Option 4 - a 'meanwhile' use could still allow for Option 3 - longer term options for development of the site.

10. Officer's assessment of these options is provided in Table 1 below.

Table 1: Options assessment

Option	Officer advice (<i>Legal implications identified in Appendix 3 – Part 2).</i>)	Proposal
Option 1 Proceed with the development – but identify other sources of public sector funding to address the viability gap.	Officers have engaged with other bodies including Government to explore the potential of other funding sources that support the development as proposed but none have been identified at this stage. Given the economic climate it is felt that this is unlikely to change in the near future, although opportunities may arise as a result of the Government's decision to cancel Phase 2 of HS2.	Continue to explore external funding opportunities but not proceed with the development. Representations are being made to government following the decision to cancel HS2 and seek mitigation for the loss of investment to Crewe and wider Cheshire East. Supporting the development of Phase 2 would be an important mitigation.
Option 2: grant a 12-24 month extension to the existing development agreement with Peveril Securities to let the market settle and provide a temporary meanwhile use.	Officers have engaged with Peveril to allow them to identify how the proposed scheme could be delivered, without any public funding, within the next 24 months. Although Peveril have been proactive in exploring opportunities and models of delivery, they are unlikely to satisfy the terms of	Terminate the development agreement with Peveril Securities.

	the development agreement in terms of viability.	
Option 3: Terminate the development agreement and consider the potential for a smaller scheme and/or alternative uses, including potential sale/lease (e.g., housing, hotel, offices), other council/public sector development opportunities, or retain some/all for public use (e.g., public space/park).	<p>Officers' view is that:</p> <p>a) a smaller scheme may be capable of being delivered, but retaining a cinema 'anchor' may actually be less viable with a smaller scheme, unless the form of construction is a low-cost option;</p> <p>b) a smaller scheme may be capable of being delivered, albeit likely to require public sector funding to achieve a level of commercial viability. Retaining a cinema 'anchor' may compound the viability challenge due to the high fit out costs and operator expectations over leasing incentives. This position is unlikely to change even if the form of construction is a low-cost option;</p> <p>Officers have also been engaged with other public sector partners to explore the scope for locating new public sector facilities on the site. It is noted that this site could potentially have accommodated other projects, such as the History Centre or the Youth Zone, but the timing of these projects now rules these options out, as they are committed to other locations in the town centre. There has been some positive interest in other uses, however, such as healthcare, particularly given a national policy preference to deliver Health and Wellbeing Hubs in accessible public locations. This continues to be explored.</p> <p>In considering this option further, the Council would be required to:</p> <p>i) undertake further market testing, to understand the scope for different uses and any viability gap; and</p> <p>ii) undertake further consultation with residents, to understand the appetite for different uses on this site.</p>	<p>Not to proceed with a new procurement for a commercial scheme at this point, but to monitor the national and local economic/fiscal position such that a commercial scheme may become viable without public sector funding.</p> <p>Also, to continue dialogue with public sector partners, to explore the scope for creating new public sector facilities on the site which may also improve the viability of commercial uses if formed as part of the same development.</p>
Option 4: Terminates the existing development and seek to use the site as an urban/ pocket park or other 'meanwhile' uses.	Officers have researched the opportunities that would be considered suitable 'meanwhile' uses (i.e., capable of being established on site within 6-12 months of being vacated), this has included engaging with a number of specialist designers and operators active in creating 'meanwhile' uses. A range of options are available, although all will require	<p>To undertake further feasibility to explore 'meanwhile' use options, models, and viability further, potentially through a competitive or collaborative approach between different parties.</p> <p>Realistically, medium term meanwhile uses would require more work in terms of planning,</p>

	<p>initial capital funding (e.g., infrastructure, purchase of temporary structures and equipment). Some would require revenue funding also to address maintenance, security, etc, which would be more of a budgetary challenge for the council.</p> <p>The consensus view is that the Phase 2 area should be sub-divided into 2-4 different zones which could accommodate a combination of different, but linked, uses including play/recreation/seating space, medium-term commercial space alongside more flexible leisure space (temp ice rinks, trampolines). Officers also recognise the importance of designing spaces suitable for all, including girls/young women, children and older people, where there is currently a lack of facilities in the town centre.</p>	<p>procurement, delivery, so it may be necessary to provide a shorter-term solution ahead of the meanwhile uses being implemented.</p> <p>Knee-high wooden fencing posts may need to be installed to replace the hoarding panels. However, a pedestrian route through from the junction of Victoria Street/Queensway through to the entrance of the new MSCP should be created to improve accessibility. This should be a smooth flat surface, ideally illuminated to promote safety and usage.</p>
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11. This report recommendations primarily focus on option 4 (i.e. authorise officers to consider the 'meanwhile use' options identified and progress in developing proposals for meanwhile uses on the site, covering a period of up to five years), whilst continuing to investigate other opportunities for funding of the original scheme (option 1) and exploring opportunities for alternative forms of development (option 3).
12. In recent weeks, Crewe has received the disappointing news of the cancellation of HS2 north of Birmingham. Undoubtedly, this has an impact on opportunities for the future regeneration of the town centre, but a large number of projects are coming forward to implementation through funding from the Future High Streets Fund and Towns Fund.
13. As stated, the Government's decision to cancel HS2 will have a significant impact on future investment in Crewe, and strong representations are being made to Government which may present an opportunity to secure additional funding for the town centre. So, option 1 would remain as a potential option.
14. The Council has previously taken several decisions relating to redevelopment of the Council-owned Royal Arcade site in Crewe town centre. These are summarised in Appendix 1.

Consultation and Engagement

15. The original objectives for the Royal Arcade development form part of the Crewe Town Centre Regeneration Delivery Framework which was informed by public consultation in 2015. Since then, there has been further consultation through the development of the Crewe Town Investment Plan (2021) and prior to the hybrid planning application for Royal Arcade (2021).
16. Officers have provided regular confidential verbal updates to the Economy and Growth Committee, Leader, and Corporate Leadership Team.
17. Officers have engaged with a range of third parties in developing the 'meanwhile' proposals, and these will be tested further with key stakeholders.
18. Longer-term development options for the site will be the subject to further feasibility assessments and public consultation.

Reasons for Recommendations

19. The Council is aware that leisure sector occupier interest in Crewe is robust, with a cinema operator and other leisure and restaurant operators actively considering taking leases in the scheme. However, sustained double-digit inflation in construction costs and increases in interest rates has adversely affected the cost and availability of finance for development. Set against the terms of any prospective occupation – including the rent likely to be realised, this evidences a significant financial viability gap.
20. Terminating the development agreement with Peveril Securities Ltd at this point would render unlikely any similar development being delivered on this site in the next five years.
21. The site will continue to be used as a site compound to facilitate the on-going construction of the adjacent Phase 1 scheme, at least until Spring 2024. Without any further intervention the site will remain cleared to ground with a loose aggregate finish. The perimeter hoarding will be removed, and it is expected that knee-high timber fencing be installed around the perimeter.
22. Council officers have engaged, on a confidential basis, with a range of third parties that have experience in designing and operating 'meanwhile' uses in similar locations. There are unique elements to each, which are commercially sensitive, but also common ones, including:
 - (b) a need for a clear objective for meanwhile uses; in this case to generate activity and footfall to add to the town centre offer in a prime location that is highly accessible to local residents;

- (c) ensuring an accessible route between the town centre core (to the east of the site) to the MSCP and bus station, by creating an additional pedestrian route between the two areas.
 - (d) a combination of uses, rather than a single use, with a combination of fixed dwell spaces and animated spaces;
 - (e) a need to ensure that dwell spaces are designed in a manner that are attractive and safe for all groups and cannot be dominated by a single group, with particular reference to spaces for girls.
 - (f) a need to actively manage and/or curate uses on the site with at least some elements changing throughout the year;
 - (g) a recognition that there will be both initial capital outlay and on-going revenue implications, but that if these costs are not funded by the council, then there is a need for a more commercial model operated by one or more third parties, so that they can generate income to cover any costs;
 - (h) a commercial model would require a lease of around five years with a nominal rent and a capital investment by the Council in basic infrastructure to enable meanwhile uses (e.g., surface, utility connections, power, water, drainage).
23. It is the intention that proposals will be developed further, including a more detailed assessment of feasibility, operational models, financial implications, and risks. Approximately £1m of capital funding remains in the Council's Medium Term Financial Strategy already allocated to the Crewe Town Centre Regeneration Programme, and it is intended that some or all of this funding and/or other grant allocated within relevant Towns Fund projects be used for the purposes of implementing the preferred option(s), including the procurement/ purchase of any works, equipment, infrastructure and professional services. It is recommended that more detailed options and proposals are consulted upon further with a 'member reference group'.

Other Options Considered

24. An assessment of the main options is provided in Table 1. An additional option is 'do nothing.' This would have significant implications for the Council, including:
- (i) Costs associated with holding a site, e.g., statutory compliance, health, and safety, maintenance, and security; and

- (j) Reputational implications for the council in relation to residents, businesses, and investors in failing to utilise a key property asset in a prominent location.

Implications and Comments

Monitoring Officer/Legal

- 25. If the Council wishes to terminate the Council's development agreement with PSL so that Phase 2 is not proceeded with; the Council's lawyers Browne Jacobson have indicated that under the terms of the Development Agreement the Council is free to do so without any penalty costs arising; though costs may be incurred in relation to securing the site once PSL has relinquished control.
- 26. If when it comes to considering the future of the site, the Council wishes to engage with any third parties to facilitate any "meanwhile use;" Legal needs to review the same and advise alongside the Procurement team on any implications arising under and in compliance with the procurement regulations; as well as any requisite property advice.

Section 151 Officer/Finance

- 27. After phase 1 of the project has been completed there is £1m that remains in the budget. Given the Council's current financial situation, costs need to be kept to a minimum to make the site safe whilst a decision is made on its future. Only expenditure that is classed as essential should be considered at this time.
- 28. Any decision made should result in the best outcome for the Council as a whole and other options for the site should be considered in line with the mitigations listed in the First Financial Review Report due at Corporate Policy Committee on the 5 October 2023. This includes a review of the Council's for disposal or to be re-purposed to help mitigate the current financial pressures.
- 29. At present, there are no costings in the report for the options listed above (table1). Detailed costings, including both capital and revenue implications for the council, would need to be provided before Finance can make a full assessment of each option and whether the options are viable or not. Any decisions would have to be affordable for the Council and form part of the Business Planning process for the 2024/28 Medium-term Financial Strategy and approved at Full Council in February 2024.

Policy

- 30. The report primarily relates to the Council's Corporate Plan:

Aim: Green - *We will lead our communities to protect and enhance our environment, tackle the climate emergency, and drive sustainable development*

Priority: A thriving and sustainable place - *A great place for people to live, work and visit.*

Any proposed development in Crewe town centre has a significant impact on the local communities; they provide a location and facilities best served by public transport and the highway network, and so are considered key by residents, whether they be accessing them for retail, leisure, or other purposes. Town centres are also central to residents' sense of place and play a significant role in people's social history and community well-being.

Equality, Diversity, and Inclusion

31. The recommendations in this report have no immediate or direct equality, diversity, or inclusion implications, although some specific meanwhile uses being explored may require an Equality Impact Assessment to understand how particular groups of residents/visitors can access or utilise any public facilities.

Human Resources

32. The recommendations in this report have no human resource implications.

Risk Management

33. Delivering a short-medium term use for the site will involve additional time (for consultation, design, etc.) and cost (capital cost, revenue maintenance). Also, in creating a new public space, albeit temporary, there may then be a future need to consult on disposal of public open space, to enable any future redevelopment options.

Rural Communities

34. The recommendations in this report have no direct implications for rural communities, although it is recognised that there is a strong relationship between small-medium sized towns and their rural hinterland, from the perspective of both consumers, retailers, and businesses in their supply-chain.

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

35. The recommendations in this report have no immediate implications for Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities. However, the options identified in this report could have significant opportunities for

children and young people. These will be more fully considered as proposals are developed.

Public Health

36. The recommendations in this report have no direct implications for public health, but it is expected that any future development will, overall, have positive impacts on the wellbeing of Cheshire East residents, particularly those reliant on public transport to access services.

Climate Change

37. The recommendations in this report have no direct or immediate implications for climate change but it is expected that any future Phase 2 development will, overall, help the Council to reduce its carbon footprint and achieve environmental sustainability by reducing energy consumption and promoting healthy lifestyles.
38. Phase 2 already has outline planning consent with a condition that at least 10% of the energy supply of the development shall be secured from decentralised and renewable or low-carbon energy sources.

Access to Information	
Contact Officer:	Jez Goodman Development & Regeneration Delivery Manager jez.goodman@cheshireeast.gov.uk
Appendices:	Appendices 1, 2 3 and 4 - Not for Publication by virtue of paragraphs 3, 5 and 7A of Part 1 of Schedule 12A of the Local Government Act 1972.
Background Papers:	None

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By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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