

Cheshire East Council Pre-Budget Consultation 2020-24

November 2019

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Comment from the S.151 Officer

This document provides an opportunity for interested parties to understand and comment on the latest proposals to balance the Council's Budget. It is available to download on the [Cheshire East Council](#) website and has been distributed to the Council's public buildings, such as libraries.

The proposals described in this consultation document are Council wide proposals and the intention at this stage is that feedback is invited on the broad budget proposals. The implications of specific proposals may be much wider for individuals affected by each proposal. Where this is the case, the Council intends to undertake full and proper consultation with people who would potentially be affected. We know this means that some proposals may change, even during the financial year, but we try to recognise this when we set the overall strategy.

The document contains a number of questions, providing people with an opportunity to give feedback on all the various proposals (page 22 to 71). An online survey can be completed via this link <https://surveys.cheshireeast.gov.uk/s/Budget2020/>, or you can give feedback to your local Councillor – visit [Find Your Local Councillor](#) on the Cheshire East Council website for contact details.

Comments on this document are welcome until 6th January 2020. All comments will be considered by the Cheshire East Cabinet. After this date, you may still submit comments on the budget up to the Council meeting on Thursday, 20th February 2020 when the Budget and the results of the consultation are considered by all Council Members, however, this may not be practical as proposals cannot be accepted without proper analysis as the budget must be based on robust estimates.

This document sets out specific proposals to vary the Council's current budget to support continuing achievement of the Corporate Plan, including investments which support the most vulnerable people and vital infrastructure. Additional costs of services are balanced against income from local taxation, charges and appropriate use of one-off funding sources or grants. This approach is supported by a reserves strategy that recognises emerging risks.

Feedback to this document, and further government announcements, will be important in developing a comprehensive Medium Term Financial Strategy that contains robust proposals, for approval in February 2020.

Alex Thompson

Alex Thompson CPFA

Director of Finance and Customer Services (Section 151 Officer)

Foreword

This document includes proposals to change the current funding of certain activities which are managed by the Council, and help us continue to achieve appropriate service levels where they are needed.

The process to create this Pre-Budget Consultation document has altered slightly this year, to reflect some important changes and some significant challenges:

- Spending in 2019/20 is under significant pressure, as the impact of reduced grant funding and increasing demand over the last few years is being felt.
- The Cheshire East Council elections in May changed the political make-up of the authority, and the Council's Cabinet is now formed of a joint administration of Labour and Independent members.
- All elected members were invited to take part in forming ideas to develop the budget proposals within this document in support of an open process as discussed at the full Council meeting of February 2019.
- The Chancellor of the Exchequer has provided a much earlier indication of public sector spending in 2020/21 by announcing a spending round in September 2019 that rolled forward many current areas of the financial settlement as well as providing some additional grants.
- Uncertainty over future funding models from 2021/22 still remains and this creates a risk to providing sustainable services in the medium term.

This budget consultation document reflects the ongoing priorities of the Council to become financially sustainable whilst achieving its priorities for economic growth and delivering safeguarding and care services for vulnerable residents. Major infrastructure projects such as HS2, Poynton Relief Road, Middlewich bypass and regeneration

of the Royal Arcade in Crewe will continue to be supported alongside funding for Adult Social Care and Cared for Children.

A new priority of the Council is the important response to the climate change emergency raised at the Full Council meeting in May 2019. Proposals within this budget will allow the Council to pursue the ambition of becoming a carbon neutral organisation by 2025.

During the consultation period elected members will also be working on two key tasks:

- Reviewing options to the current governance model of the Council, looking at whether a Cabinet system remains appropriate or how a committee system may offer a suitable alternative approach to decision making.
- Reviewing the Council's Corporate Plan to understand if it remains fit for purpose and affordable in the medium term.

Proposals within the consultation document are affordable assuming a Council Tax increase of 1.99%, which is in line with current inflation, and with an additional 2% to recognise the ongoing increase in demand for Adult Social Care services. Additional housing and commercial development, although providing additional Council Tax and Business Rates income also increases demand for key services and we will continue to look at ways to ensure such growth is sustainable in the long term.

I would urge anyone who has an interest in Cheshire East Council to register their feedback through this consultation process. All comments received will, of course, be considered and wherever possible used to form part of the 2020/21 budget.

Amanda Stott

Amanda Stott Finance, ICT & Communications Portfolio Holder

Corporate Plan 2017-2020



Source: Corporate Plan 2017-2020

*Note: Corporate Plan is subject to review

The Financial Challenge

All local authorities have faced significant cuts in core funding from government over the last 10 years and are continuing to experience increasing demand for their services coupled with cost pressures. This is all putting great strain on day-to-day revenue budgets.

Nationally local government spending is becoming more narrowly focused on social care due to the statutory requirement to meet the growing demand, and falling central government funding. At the same time, income can be uncertain from other revenue sources, such as business rates, the new homes bonus grant, and fees and charges.

Certainty over national funding levels for authorities has been extended for a further one year, although the Spending Round announced in September 2019 is still subject to Parliamentary approval. In addition, due to delays in the national Fair Funding Review, which will determine the distribution of money from the Spending Round across authorities, and revisions to the Business Rates Retention Scheme, which are now due to be implemented from 2021/22, there is still uncertainty around medium term funding. Fortunately, the strong domestic and non-domestic tax bases in Cheshire East provide an opportunity to fund a significant element of services locally, thereby reducing the reliance on central government support.

The proposals include changes to services which are laid out alongside each Strategic Outcome within the Corporate Plan 2017/20 in specific sections of this report. Further changes in demand and risks associated with new methodologies for future government funding allocations mean that potential deficits remain a feature of the medium term financial position.

The Council's Approach

The proposals in this consultation document assume council tax will increase by up to 3.99% in 2020/21 (which includes a 2% precept directly to help fund increasing demand pressures within Adult Social Care).

The management structure of the Council is split into three directorates: People; Place; and Corporate.

Growth and savings proposals over the four year period, for each Directorate, can be seen in the table below:-

2020-2024	4yr Growth £m	4yr Savings £m	Net over 4yrs £m
PEOPLE	80.7	-5.5	75.2
PLACE	22.9	-13.5	9.4
CORPORATE	23.0	-1.9	21.1
4yr Change	126.6	-20.9	105.7

All councils are awaiting clarity from the Government about local government funding beyond 2020/21. At this stage we are only able to make assumptions about overall levels of additional cumulative spending of £105.7m over the four year period of the MTFS and how it could be funded.

The following financial assumptions will be reviewed and revised on a regular basis:

- Increase in council tax income +£95.0m
(Pages 83 and 84 – proposals 61, 62, 63 and 64 relate to inflationary increases, changes in discounts and growth in housing)
- Increase in retained business rates income +£5.1m
(Pages 85 and 86 – proposals 65, 66 and 67 relate to economic growth)
- Reduction in general Specific Grants income -£22.5m
(Page 87 – proposals 68 and 69 highlight forecast losses in grant income)
- Additional unring-fenced Social Care Grant funding +£20.6m
(Page 87 – proposal 70 assumes this will continue)
- Central Budget changes -£28.0m
(Pages 76 to 81 – proposals 55, 56, 57, 58, 59 and 60)
- Sourced from the Collection Fund -£8.4m
(Page 88 – proposal 71)
- Deficits still to be managed +£43.9m
(Page 7 – Net Impact on Outcomes table highlights the potential funding deficit)

Throughout the process, to balance the annual budget the Council focuses on achieving efficiency, improving productivity and maximising the income available from sustainable growth in the local tax bases.

The net impact on each of the Outcomes is shown below:

Outcome	Revised Budget 2019/20 £m	Proposals 2020/21 £m	Budget 2020/21 £m	Proposals 2021/22 £m	Budget 2021/22 £m	Proposals 2022/23 £m	Budget 2022/23 £m	Proposals 2023/24 £m	Budget 2023/24 £m
Outcome 1: Community	10.5	0.3	10.8	0.2	11.0	0.2	11.2	0.2	11.4
Outcome 2: Economy	6.0	-0.3	5.7	0.1	5.8	0.1	5.9	0.1	6.0
Outcome 3: Education	9.5	0.3	9.8	-0.2	9.6	0.4	10.0	0.4	10.4
Outcome 4: Environment	35.3	0.9	36.2	-0.9	35.3	1.1	36.4	0.6	37.0
Outcome 5: Live Well	170.8	9.2	180.0	6.5	186.5	6.6	193.1	6.6	199.7
Outcome 6: Efficient	40.6	3.3	43.9	1.4	45.3	1.6	46.9	1.8	48.7
Capital Financing and Central Budgets	8.3	5.2	13.5	2.4	15.9	-0.1	15.8	-	15.8
Potential Funding Shortfall	-		-		-8.6		-15.4		-19.9
Total	281.0		299.9		300.8		303.9		309.1

Note: Proposal number 53 – Pay Inflation and Structure Review has been allocated out over Outcomes 1 to 6.
Further details set out in Directorate structure are shown in the table on page 92.

Contents

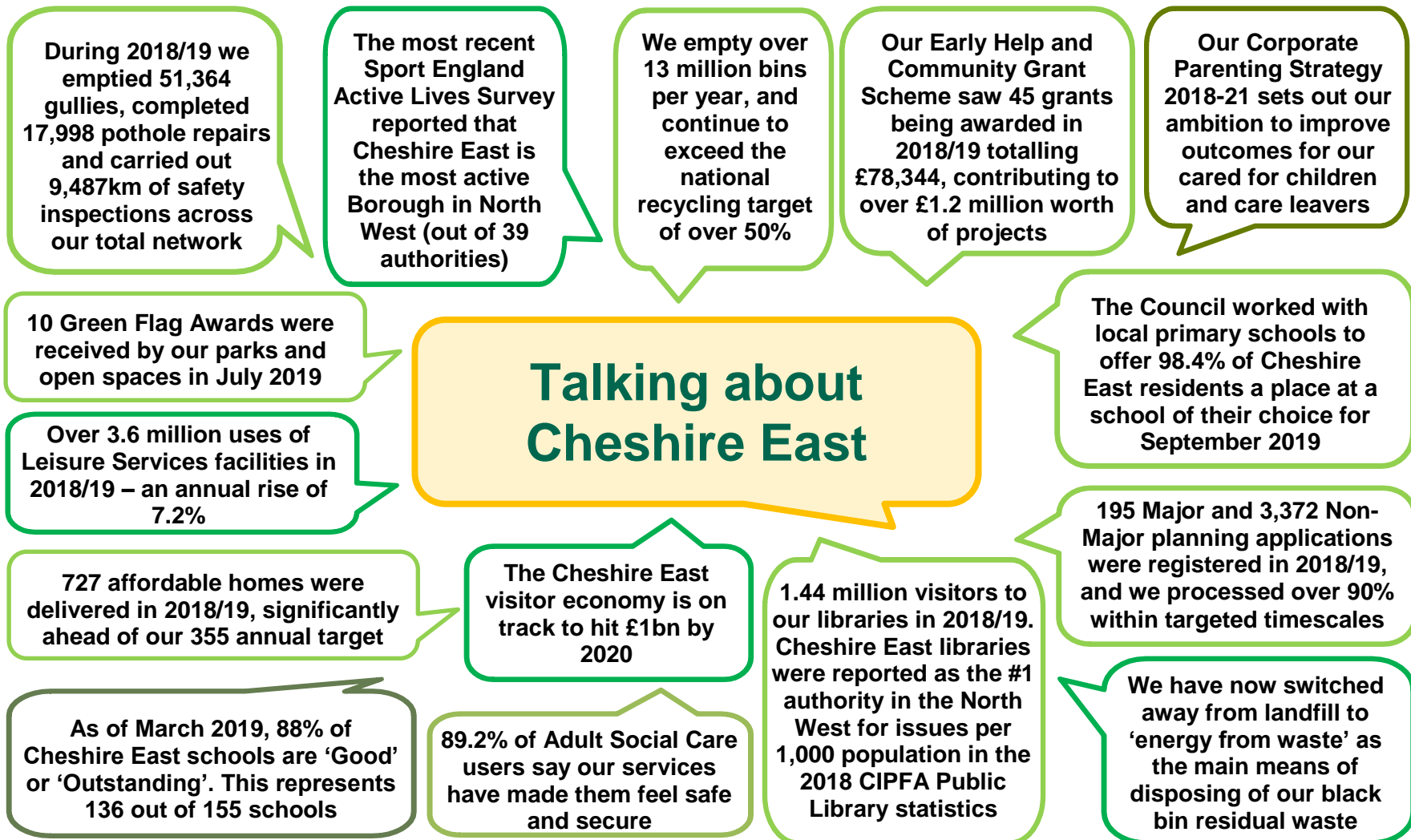
Foreword	- 3 -
Corporate Plan 2017-2020	- 4 -
The Financial Challenge	- 5 -
The Council's Approach	- 6 -
Context	- 9 -
Equality and Community Impact Assessment	- 12 -
Achieving Outcomes: Summary of Proposals	- 17 -
Outcome 1 ~ Our local communities are strong and supportive	- 22 -
Outcome 2 ~ Cheshire East has a strong and resilient economy	- 24 -
Outcome 3 ~ People have the life skills and education they need in order to thrive	- 30 -
Outcome 4 ~ Cheshire East is a green and sustainable place	- 38 -
Outcome 5 ~ People live well and for longer	- 47 -
Outcome 6 ~ A Responsible, Effective and Efficient Organisation	- 57 -
Maintaining Financial Stability	- 72 -
Annex 1: Developing the Budget	- 91 -
Annex 2: Key Budget Events 2020/21	- 93 -
Annex 3: Timetable to Approval	- 94 -
Annex 4: Forecasts	- 95 -
Annex 5: Feedback	- 96 -

Context

Cheshire East Council is responsible for providing approximately 500 local public services across an area of over 1,100km² for over 375,000 residents. The total amount of spending to deliver these services in the period April 2019 to March 2020 will be in the region of £795m, which is funded from a combination of local taxes, national taxes (in the form of government grants) and payments direct from service users and other organisations.

As a place we have a fantastic mix of rural and urban environments. However, the most important element of Cheshire East is its people and we will strive to make sure we have a Council that serves its diverse communities well and delivers value for money. We want to see Cheshire East Council build a national reputation for customer services and partnership working and to build a clear programme that continually delivers.





Cabinet and Council meetings

- Cabinet and Council December 2019 (Taxbase)
- Cabinet February 2020 (MTFS & Budget Consultation Report)
- Council February 2020 (MTFS & Budget Consultation Report)

All Member workshops

- Finance workshops covering the budget process, pressures, Council priorities and ideas for savings (9th August and 4th September 2019)

Updates for staff on budget progress

- Updates will be made available in Team Voice, on Centranet and on the Cheshire East Council website. This will include the Pre-Budget Consultation

Engagement on the budget

Overview and Scrutiny

- Opportunity to examine service budget proposals during the consultation period
- Examination of in-year performance reports

Engagement events with other stakeholder groups

- Including businesses, Trades Unions, Town and Parish Councils, other key partners, voluntary, community and faith sector, and the Schools Forum
- These events will be highlighting how the Cheshire East Council budget will affect our stakeholders and help to answer questions they may have, to help us develop our relationship with our stakeholders and the wider community

Residents

- Any comments? – Speak to your local Councillor
- Information included with Council Tax bills
- Media releases
- Digital Influence Panel
- Social media

Staff suggestions

- SUMS – Save Us Money staff suggestion scheme on ways to cut waste in the organisation or raise additional income

Equality and Community Impact Assessment

What are we looking to achieve from the pre-budget consultation process?

- The pre-budget consultation exercise will seek views from the public, local businesses and other stakeholders on the Council's draft budget
- The Council is committed to its public sector equality duty and wishes to ensure that it has due regard to such duties in its decision making process

How will the decision be made?

- Cabinet will consider the results and outcomes of the consultation and of all relevant impact assessments to help it make informed recommendations regarding the Council's budget and priorities
- The full Council meeting in February 2020 will make decisions on the Council's MTFS for 2020-24 based on recommendations from Cabinet
- Council and Cabinet will take into account feedback from this consultation exercise when making its decisions. [This is a legal requirement](#)

What information exists already to assist with making the judgments above?

- Officers of the Council undertake impact assessments for individual budget proposals
- Budget options are reviewed as the pre-budget consultation evolves using the consultation feedback received

Has any consultation been undertaken on this or any other related issue?

- The pre-budget consultation is the key process to inform the budget decision making process
- Officers of the Council undertake specific consultation in developing the budget proposals presented during the consultation process where appropriate

Are any reports or relevant documents available internally or from partners or other sources?

- The draft budget reports are published on the Council's website, along with any background papers as appropriate

Who is/will be the main beneficiaries/people affected by this activity?

- Everybody living, working, studying, visiting or otherwise engaged with Cheshire East Council may be potentially affected by the Council's budget plans
 - This includes businesses, employees of the Council, Unions as well as, partners, contractors and other stakeholders
 - Some efficiency savings may impact on staff and this could lead to redundancies and changes in service provision
 - Where there are changes to the level of service received by the public, consultation will be undertaken and all those affected will be consulted with and able to have a say in the process

Does the activity have the potential to cause adverse impact or to discriminate against different groups in the community or to make a positive contribution to equalities?

- The economic climate has a significant impact on our communities as a whole and also on the Council's budget and therefore may impact on different groups in the community, but is not intended to discriminate against different groups in the community
- The Council has access to resources which are limited by statute and democratic processes, so service provision is constantly being reviewed to secure value and remain affordable. This will often mean changes in the services provided and how they are provided, who they are delivered to and who receives the services
- When making decisions that may affect people the Council will aim to ensure that their views are sought and considered so that we can understand the impact of decisions, what matters to them, what they consider as priorities, what areas are in need of improvement and how the choices made may impact on their lives

Impact

- The budget proposals that may lead to efficiency savings and/or potential changes in service provision have been screened for impact against the protected characteristics groups
- Where proposals involve staff changes and rationalisation, appropriate consultation in line with Council policy will be followed and outcomes monitored for any disproportionate and adverse impacts on individual groups
- Any savings with impact on services will have the issues and risks raised through their individual assessments and evaluations taken into account in the implementation and monitoring of the options
- Issues and concerns identified during this consultation will be used to develop mitigation where possible and will be used to inform priorities for the Council

Working for a brighter future[☀] together

Cheshire East Council will:

- celebrate the diverse and distinctive places and communities in the borough, working with them to achieve their hopes and aspirations
- be led by strong and responsible leadership who are committed to public service and rooted in their communities
- have valued staff who are proud ambassadors for the council
- reach out to our communities, neighbouring councils and partners, listen to what they say and act accordingly
- be a business-like, financially independent council which enables residents and communities to become more self-sufficient
- take decisions for the long-term, investing in the future and responding to changing circumstances

We are continually improving how we work and the action we are taking to deliver these commitments include:

- ensuring that we have strong political and managerial leadership through development programmes and external challenge and support
- investing in member development and management resilience to strengthen our community leadership and delivery capacity
- becoming a better partner by developing a culture of working with others and sharing risks and rewards
- having more open and frank conversations with our communities, neighbours, partners and staff

Understanding the financial tables in this document

Potential budget changes in this document are expressed in cash terms compared to the Council's Approved Budget for 2019/20.

Each proposed change is included in a table as described below:

Theme of the Potential Change(s) (such as "Changing the way we work" or "Income Generation")	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
X. Number and title of Proposed changes (either Revenue or Capital)				
A narrative to describe what the proposal is				
Impact on Service Budget =	-X.XXX	-X.XXX	-X.XXX	-X.XXX
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</p> <p>Values are not cumulative</p>				

Revenue expenditure is incurred on the day-to-day running of the Council. Examples include salaries, energy costs, and consumable supplies and materials.

Capital expenditure is incurred on the acquisition of an asset, or expenditure which enhances, the value of an asset.

The specific Service Budget that may be affected is identified here. Current budgets are detailed in the Council's [Medium Term Financial Strategy](#).

Changes to Capital budgets are split by the year in which expenditure is incurred.

Figures represent an increase or decrease in spending compared to the 2019/20 Approved Budget.

If the potential change is permanent it is therefore repeated in each year.

If spending will vary across the four years each figure still represents the change from the existing 2019/20 Budget.

Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Summary of Proposals

No	Proposal	Page
Outcome 1 ~ Our local communities are strong and supportive		
	No changes proposed	
Outcome 2 ~ Cheshire East has a strong and resilient economy		
1	Tourist Information Services	- 25 -
2	Investment Portfolio	- 26 -
3	Business Rates Costs for Council Facilities	- 27 -
4	Management of Risks Relating to Land	- 27 -
5	Homelessness Reduction Act – removal of temporary grant	- 28 -
6	Community Transport	- 28 -
7	Tatton Park	- 28 -
Outcome 3 ~ People have the life skills and education they need in order to thrive		
8	Review of Children and Families Transport Policies and delivery arrangements	- 31 -
9	Transport cost for SEND	- 31 -
10	Contribution to Cheshire Youth Justice Service	- 32 -
11	Skills Strategy	- 33 -
12	Locality Working	- 33 -
13	Rental Income for shared service delivery space – NHS and Nursery	- 34 -

No	Proposal	Page
14	Income from Outdoor Education	- 34 -
15	Essential Kitchen Infrastructure	- 35 -
16	Provision of Sufficient School Places – SEND	- 35 -
17	Provision of Sufficient School Places – Basic Need	- 36 -
18	Primary School Provision at key development sites within the Borough	- 36 -
Outcome 4 ~ Cheshire East is a green and sustainable place		
19	Markets Income	- 39 -
20	Ansa income generation and efficiencies	- 39 -
21	Highway Maintenance Contract Efficiencies	- 40 -
22	Parking Strategy	- 41 -
23	Planning Reserve – reversal of temporary funding	- 42 -
24	Environmental and Carbon Management	- 42 -
25	Parks and Green Spaces	- 43 -
26	Regulatory Services and Environmental Health ICT procurement	- 43 -
27	Recycling and Waste Services	- 43 -
28	Electric Vehicle Car Pool Scheme	- 44 -
29	Crewe Town Centre Civic Heat Network	- 44 -
30	Public Rights of Way: Capital Structures Investments	- 45 -
31	Site Remediation Works – Malkins Bank Golf Course (Phase 3)	- 45 -

No	Proposal	Page
Outcome 5 ~ People live well and for longer		
32	Community Equipment Service	- 48 -
33	Combination of contracts provided by the Community and Voluntary Service (CVS)	- 49 -
34	FACT 22 Investment	- 50 -
35	Care4CE	- 51 -
36	Electronic Call Monitoring	- 51 -
37	0-19 Healthy Child Programme	- 52 -
38	Demand for Adult Social Care	- 53 -
39	Winter Pressures Social Care Grant funding	- 53 -
40	Home Repairs for Vulnerable People	- 54 -
41	Cared for Children and Care Leavers	- 54 -
42	Everybody Sport and Recreation Annual Management Fee	- 55 -
Outcome 6 ~ A Responsible, Effective and Efficient Organisation		
43	Digital Savings target	- 60 -
44	Commercial Workstream – fees and charges review and change project	- 61 -
45	Local Election Costs	- 62 -
46	Webteam expansion	- 62 -
47	Census 2021	- 63 -
48	Inflation – Business Rates / Energy / Utilities / Fuel	- 64 -

No	Proposal	Page
49	ICT Procurements 2020-24	- 65 -
50	ICT Digital Strategy and Plan 2019-24	- 66 -
51	Communications	- 67 -
52	Enabling a modern business architecture programme 2020-24	- 68 -
53	Pay Inflation and Structure Review	- 69 -
54	Mutually Agreed Resignation Scheme 2020/21	- 70 -
Maintaining Financial Stability: Central Budgets		
55	Minimum Revenue Provision	- 76 -
56	Past Service Pension Change	- 77 -
57	Capital Receipts Income	- 78 -
58	Community Budgets funded from New Homes Bonus	- 79 -
59	ASDV Dividend	- 80 -
60	Reserves	- 81 -
61	Growing the Domestic Taxbase	- 83 -
62	Changes in Council Tax Landlord Discount	- 83 -
63	Changes in Council Tax Empty Property Premiums	- 83 -
64	Council Tax percentage charge increase	- 84 -
65	Promoting Economic Growth	- 85 -
66	Business Rates Relief Compensation Grants	- 86 -

No	Proposal	Page
67	Business Rates Pooling	- 86 -
68	New Homes Bonus (NHB)	- 87 -
69	Other Grants	- 87 -
70	Social Care Grants	- 87 -
71	Release of funds from the Collection Fund	- 88 -

Outcome

1

Our local communities
are strong and
supportive

Proposals to vary the Budget under Outcome 1 (Communities) are focused on these areas:

There are no current budget changes proposed for consultation within Outcome 1. This budget is being protected as it is an essential area in supporting and protecting residents.

Consultation Questions – Outcome 1

Our local communities are strong and supportive

The proposed budget changes under Outcome 1 are designed to help keep communities engaged with the Council and help local residents to continue feeling safe.

What proposals* should be considered to achieve Outcome 1 whilst maintaining an overall balanced budget for the Council?

*Note: Proposals under other Outcomes focus on the following areas:

- Changing the Way We Work
- Investment in Services
- Income Generation
- Reducing Subsidy
- Workforce

Outcome

2

Cheshire East has a
strong & resilient
economy

Proposals to vary the Budget under Outcome 2 (Economy) are focused on these areas:

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
1. Tourist Information Services (Revenue Savings) A review of these services has been conducted and efficiencies have been identified in the way they are delivered without impacting on the quality of services provided. The changes have already been made and so these savings can make a contribution to the overall budget plan for 2020/21. <i>Impact on Visitor Economy Service Budget =</i>				
	-0.005	-0.005	-0.005	-0.005
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

Figures represent an increase or decrease in spending compared to the 2019/20 Approved Budget.

If the potential change is permanent it is therefore repeated in each year.

If spending will vary across the four years each figure still represents the change from the existing 2019/20 Budget.

Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
2. Investment Portfolio (Revenue Income Generation) <p>The Council is able to invest its resources and make a return on that investment. This proposal relates to the acquisition of assets that generate an annual rent. This rent covers the cost of the investment and makes a surplus, thereby enabling the Council to make a contribution to the delivery of essential services. Before any specific investment is made, a full assessment is taken in relation to the cost, risk and rate of return.</p> <p style="text-align: right;"><i>Impact on Assets Service Budget =</i></p>				
	-0.325	-0.325	-0.325	-0.325
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

Figures represent an increase or decrease in spending compared to the 2019/20 Approved Budget.

If the potential change is permanent it is therefore repeated in each year.

If spending will vary across the four years each figure still represents the change from the existing 2019/20 Budget.

Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
3. Business Rate Costs for Council Facilities (Revenue Investment) This increase in costs relates to the requirement to pay business rates for our buildings and facilities. <i>Impact on Facilities Management Service Budget =</i>	+0.090	+0.090	+0.090	+0.090
4. Management of Risks Relating to Land (Revenue Budget adjustment) In the last financial year, the Council was required to address some issues in a number of sites it has management responsibilities for e.g. former land fill sites. The investment was made last year and therefore a budget adjustment is required to reflect the fact that the funding was for one year only. <i>Impact on Assets and Facilities Management Service Budget =</i>	-0.080	-0.080	-0.080	-0.080
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
5. Homelessness Reduction Act – removal of temporary revenue grant A temporary grant was received to address the requirements of new legislation introduced in relation to tackling homelessness – the Homelessness Reduction Act. This proposal removes the 2019/20 instalment of the grant. There is no proposed reduction in the services for homelessness. <i>Impact on Strategic Housing Service Budget =</i>	-0.047	-0.047	-0.047	-0.047
6. Community Transport (Revenue Savings) The Council has reviewed the Council's flexible transport Flexi-Link service and changes have been made. In addition, savings will be delivered through a combination of increased income through advertising and reduced costs with the contract with the Council's company Transport Service Solutions Ltd. <i>Impact on Client Commissioning - Transport Service Budget =</i>	-0.105	-0.130	-0.130	-0.130
7. Tatton Park (Revenue Savings) These planned savings result from income and efficiencies generated through the investment programme in the facilities at Tatton Park. <i>Impact on Culture and Tourism Service Budget =</i>	-0.018	-0.024	-0.052	-0.098
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Consultation Questions – Outcome 2

Cheshire East has a strong and resilient economy

The proposed budget changes under Outcome 2 are designed to help promote economic growth and ensure we have the right skills and opportunities for investment.

Should the potential changes to budgets supporting Outcome 2, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 2 whilst maintaining an overall balanced budget for the Council?

Outcome

3

People have the life skills and education they need in order to thrive

Proposals to vary the Budget under Outcome 3 (Education) are focused on these areas:

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
8. Review of Children and Families Transport Policies and delivery arrangements (Revenue Savings) The Council currently spends a significant amount of its budget on transport within children's services. As part of an ongoing review of transport we will work with the current school transport provider, Transport Service Solutions (TSS), and other interested groups, to explore all options to provide a more cost effective solution through effective commissioning of travel across all children and families services. <i>Impact on Education Participation and Pupil Support Service Budget =</i>	-0.280	-0.560	-0.560	-0.560
9. Transport cost for SEND (Revenue Investment) Increased demand for the provision of statutory transport due to the increased numbers of cared for children, children with special education needs and school age pupils due to housing developments. <i>Impact on Education Partnership and Pupil Support Service Budget =</i>	+0.300	+0.300	+0.300	+0.300
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
10. Contribution to Cheshire Youth Justice Service (Revenue Savings) <p>Cheshire East experiences below the national average of youth offending; meaning we have relatively lower levels of young people who enter the youth justice system compared to Boroughs of a similar size and demographic. Cheshire East has been part of the single Cheshire-wide Youth Justice Service since 2016. The agreed financial contribution to the service was set at £334,000 per year but saw a request to increase annually in response to inflation and pay increases for staff. There has been no reduction in the level of Youth Justice service resources for three years from Cheshire East, where other neighbouring authorities have reduced their contribution. Therefore, the proposal is to reduce the Council's contribution to deliver a single Youth Justice Service by 20% across the Cheshire Constabulary area.</p> <p style="text-align: right;"><i>Impact on Youth Justice Service Budget =</i></p>	<p style="text-align: center;">-0.045</p>	<p style="text-align: center;">-0.090</p>	<p style="text-align: center;">-0.090</p>	<p style="text-align: center;">-0.090</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

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If spending will vary across the four years each figure still represents the change from the existing 2019/20 Budget.

Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
11. Skills Strategy (Revenue Savings) <p>To adjust the Lifelong Learning Team contribution as this budget has underspent over the last two years. This team and the service offer is delivered through Education and Skills Funding Agency Grant. The team fully draws down the grant and therefore the Council budget used to subsidise the staffing on this team can be reduced without impact.</p> <p>This will be enabled through more efficient working supported by the development of a skills strategy for young people and new governance arrangements being established.</p> <p><i>Impact on Education Infrastructure and Outcomes Service Budget =</i></p>				
12. Locality Working (Revenue Savings) <p>To redesign Early Help Services on a locality delivery model, streamlining management arrangements to increase integration and reduce duplication. Evidence suggests that local areas that operate a joined-up model of locality working tend to have more positive outcomes for children and young people. We need to learn from the best to get the best for our children.</p> <p><i>Impact on Early Years and Family Service Budget =</i></p>				
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p><i>Values are not cumulative</i></p>				

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
13. Rental Income for shared service delivery space – NHS and Nursery (Revenue Income Generation) <p>The department has not introduced rental rates or income charges for Children Centres in the past three years. The proposal is to introduce rental charges for use of rooms and delivery spaces in the Childrens Centres. NHS agencies including delivery of the 0-19 service contract and midwifery contract currently use these facilities for free. The proposal also includes introducing room hire costs for training at Oakencloough.</p> <p style="text-align: right;"><i>Impact on Early Years and Family Service Budget =</i></p>	-0.020	-0.030	-0.030	-0.030
14. Income from Outdoor Education (Revenue Income Generation) <p>The proposal is to generate income to fund case workers through encouraging schools to buy Cheshire East services rather than from external providers. This will be done by developing the Council's in-house Alternative Education Provision for Outdoor Education and alternative education from the Youth Prevention Service.</p> <p style="text-align: right;"><i>Impact on Early Years and Family Service Budget =</i></p>	-0.035	-0.085	-0.085	-0.085
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
15. Essential Kitchen Infrastructure (Capital Investment) To improve the kitchen facilities in the schools that buy-back the Catering Service by installing new dishwashers and combination ovens. The equipment will improve food quality and lead to service efficiencies which will enable the Catering Service to maintain the current levels of buy-back. <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i>	+0.220	+0.220		
16. Provision of Sufficient School Places - SEND (Capital Investment) The Council has a statutory duty to ensure that there are sufficient school places in our schools to meet demands of the local children. Having the right educational placement for all children and young people is key to their development so this investment aims to increase the number of Special Education Needs and Disabilities (SEND) placements within Cheshire East schools. <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i> <i>New Capital Investment 2022/23 =</i>	+1.000	+4.330	+1.000	
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i> <i>Values are not cumulative</i>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
17. Provision of Sufficient School Places – Basic Need (Capital Investment) <p>The Council has a statutory duty to ensure that there are sufficient school places in our schools to meet demands of local children. Having the right educational placement for all children and young people is key to their development so this project aims to increase the number of placements within key Cheshire East planning areas across the Borough.</p> <p style="text-align: right;">New Capital Investment 2020/21 =</p> <p style="text-align: right;">New Capital Investment 2021/22 =</p> <p style="text-align: right;">New Capital Investment 2022/23 =</p> <p style="text-align: right;">New Capital Investment 2023/24 =</p>	<p style="text-align: center;">+3.100</p>	<p style="text-align: center;">+6.150</p>	<p style="text-align: center;">+12.900</p>	<p style="text-align: center;">+4.700</p>
18. Primary School Provision at key development sites within the Borough (Capital Investment) <p>As part of developing key housing and infrastructure sites within the Borough there will be a requirement to provide additional primary school provision. Funding for school places is frequently funded from significant grant and developer contributions.</p> <p style="text-align: right;">New Capital Investment 2020/21 =</p> <p style="text-align: right;">New Capital Investment 2021/22 =</p> <p style="text-align: right;">New Capital Investment 2022/23 =</p>	<p style="text-align: center;">+1.200</p>	<p style="text-align: center;">+6.300</p>	<p style="text-align: center;">+0.700</p>	
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

Consultation Questions – Outcome 3

People have the life skills and education they need in order to thrive

The proposed budget changes under Outcome 3 are designed to ensure children and young people get a good start in life and are able to realise their full potential.

Should the potential changes to budgets supporting Outcome 3, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 3 whilst maintaining an overall balanced budget for the Council?

Outcome

4

Cheshire East is a
green & sustainable
place

Proposals to vary the Budget under Outcome 4 (Environment) are focused on these areas:

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
19. Markets Income (Revenue Income Foregone) As part of the wider regeneration programme the Council is investing in Crewe Market and seeking a suitable operator for the market once current refurbishment works are completed. Therefore there is a need to suspend the income target until the completion of the project. <i>Impact on Environmental Services Budget =</i>	+0.066	+0.066	+0.066	+0.066
20. Ansa income generation and efficiencies (Revenue Savings) The Council has commissioned a composting facility which will receive and treat garden and food waste for the whole Borough. This enables the number of routes and vehicles to be reduced which will deliver savings. These changes are being implemented in Autumn 2019 and therefore the savings can make a contribution to the budget for 2020/21 onwards. In addition in future years additional income can be generated through the composting material that is generated from the new facility. <i>Impact on Environmental Services Budget =</i>	-0.400	-0.659	-0.659	-0.659
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
21. Highway Maintenance Contract Efficiencies (Revenue Savings and Capital Investment) The proposal includes efficiencies in the delivery of the highway maintenance contract but also includes proposals to improve the environmental performance of our operations such as changes to grass cutting to increase habitat creation and installing illuminated signs and bollards with low energy LED (light-emitting diode) units to reduce carbon emissions. <div> <i>Impact on Highways Service Budget =</i> <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i> <i>New Capital Investment 2022/23 =</i> </div>	 -0.105 +0.680	 -0.260 +0.680	 -0.260 +0.680	 -0.260
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i> <i>Values are not cumulative</i>				

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If spending will vary across the four years each figure still represents the change from the existing 2019/20 Budget.

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Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
22. Parking Strategy (Revenue Income Generation and Capital Investment) <p>The aim of this proposal is to review the car parking arrangements across the Borough with a particular emphasis on ensuring car parking supports the Council's priorities to improve the environment and vitality of the Borough's towns. These proposals would generate a net additional annual revenue contribution of up to £4.5m by 2023/24. The capital investment relates to installation of new pay and display machines. Any proposed changes to car parking tariffs would be subjected to separate and specific consultation exercises and decision making processes.</p> <p style="text-align: right;"><i>Impact on Parking Service Budget =</i></p> <p style="text-align: right;"><i>New Capital Investment 2020/21 =</i></p>	<p style="text-align: right;">-0.177</p> <p style="text-align: right;">+0.350</p>	<p style="text-align: right;">-1.548</p>	<p style="text-align: right;">-1.548</p>	<p style="text-align: right;">-1.548</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

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Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
23. Planning Reserve – reversal of temporary funding (Revenue from use of Reserve) This proposal reverses temporary funding that was allocated in previous years to support the development of the Local Plan and Local Plan part 2. There is no change to the permanent Planning budgets. <i>Impact on Spatial Planning Service Budget =</i>	-0.200	-0.200	-0.200	-0.200
24. Environmental and Carbon Management (Revenue Investment) We have committed to be carbon neutral by 2025 and to encourage all businesses, residents and organisations to reduce their carbon footprint. This proposal relates to initial actions through identifying resource requirements for investment and delivery capacity. £300,000 of the 2020/21 funding is from retained business rates income (from renewable energy assessments) as part of the Council's Carbon Commitments. This proposal will see investment of c.£1.5m over four years. <i>Impact on Environmental Services Budget =</i>	+0.653	+0.329	+0.329	+0.228
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
25. Parks and Green Spaces (Revenue Investment) This proposal is to increase maintenance of parks and green spaces focused on additional needs of areas identified in the Cheshire East Joint Strategic Needs Assessment (JSNA) priority areas. This increase would commence from 2021/22 and increase to £372,000 by 2023/24 compared to 2019/20 expenditure levels. <i>Impact on Environmental Services Budget =</i>		+0.358	+0.365	+0.372
26. Regulatory Services and Environmental Health ICT procurement (Revenue Investment) The purchase of a replacement ICT system to support Regulatory Services in carrying out their enforcement and intervention activities as well as provide efficiencies through the automation of tasks and work allocation to officers. The system will store all activity records and produce reports and statutory returns on performance. <i>Impact on Regulatory Services and Environmental Health Service Budget =</i>	+0.009	+0.009		
27. Recycling and Waste Services (Revenue Investment) These cost increases relate to the increases in new housing in the Borough which means there is more waste being generated. However, this is offset by increases in council tax income over the same period. <i>Impact on Environmental Services Budget =</i>	+0.525	+1.156	+1.800	+2.057
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
28. Electric Vehicle Car Pool Scheme (Revenue and Capital Investment) As part of the Council's Carbon reduction policy it is necessary to decarbonise business mileage and to promote sustainable travel to work. This proposal would look into the feasibility of sustainable travel alternatives over the use of private cars. <i>Impact on Place Directorate Resources =</i> <i>New Capital Investment 2020/21 =</i>				
29. Crewe Town Centre Civic Heat Network (Revenue Savings and Capital Investment) This proposed project is to deliver a local heat and power network to Crewe Town Centre. <i>Impact on Environmental Services Budget =</i> <i>New Capital Investment 2020/21 =</i>				
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i> <i>Values are not cumulative</i>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
30. Public Rights of Way: Capital Structures Investments (Capital Investment) This capital investment is required on a number of structures which carry Public Rights of Way over waterways. The assets in question are in need of repair and replacement in order to maintain the safety of the public. <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i> <i>New Capital Investment 2022/23 =</i> <i>New Capital Investment 2023/24 =</i>	+0.039	+0.060	+0.131	+0.043
31. Site Remediation Works – Malkins Bank Golf Course (Phase 3) (Capital Investment) Remedial works to repair an underground culvert as part of the ongoing improvements at Malkins Bank Golf Course <i>New Capital Investment 2020/21 =</i>	+0.400			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Consultation Questions – Outcome 4

Cheshire East is a green and sustainable place

The proposed budget changes under Outcome 4 are designed to ensure Cheshire East's rural and urban character is protected and enhanced through appropriate sensitive development, environmental management, transport and waste disposal policies.

Should the potential changes to budgets supporting Outcome 4, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 4 whilst maintaining an overall balanced budget for the Council?



Outcome

5

People live well
and for longer

Proposals to vary the Budget under Outcome 5 (Social Care) are focused on these areas:

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
32. Community Equipment Service (Revenue Savings) The Community Equipment service is currently commissioned by Cheshire East Council, Eastern Cheshire and South Cheshire Clinical Commissioning Groups. The service aims to improve and maintain a person's health and wellbeing through increased independence, choice, control and quality of life of the individual with the provision of equipment. A review is being undertaken of the Community Equipment Service to ensure that it is the most efficient and effective service for the residents of Cheshire East, the outcome of which will inform future commissioning intentions. <i>Impact on Commissioning - Other Service Budget =</i>				
	-0.050	-0.050	-0.050	-0.050
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

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Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
<p>33. Combination of contracts provided by the Community and Voluntary Service (CVS) (Revenue Savings)</p> <p>The Council currently commissions the Community and Voluntary Service Cheshire East (CVS) to provide a Joint Strategic Needs Assessment (JSNA) community contract. The purpose of the CVS liaison contract includes: gathering insight from the Voluntary, Community and Faith Sector (VCFS) and communities over JSNA projects specified by the contract manager; facilitating VCFS involvement in strategic decision making e.g. events, surveys.</p> <p>By combining these contracts and redesigning the offer, we will be able to maximise the joint resources, reduce management costs and by working in better collaboration with the new additional public health analysts, and better use of the community development officers, will enable efficiencies to be made.</p> <p style="text-align: right;"><i>Impact on Communities Service Budget =</i></p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.100</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
<p>34. FACT 22 Investment (Revenue Savings)</p> <p>FACT 22 have successfully delivered a service across Crewe and Macclesfield, working intensely with Child in Need. This has been evidenced through feedback from children and families on the positive impact FACT 22 has had on their lives and also a reduction in the repeat referral rate to Children's Social Care. Over the last 6 months children's social care have significantly improved the recruitment and retention of quality social work staff across the Children In Need/Child Protection services. As such, children's social care will be able to deliver the work carried out by FACT 22 within our own service and use the residual funding in alternative ways. This new way of working will support children considered to be at risk of Contextual Safeguarding, on the edge of care or custody.</p> <p>The current contract is commissioned until March 2020 and it is proposed not to recommission this service.</p> <p><i>Impact on Education Participation and Pupil Support Service Budget =</i></p>	<p>-0.150</p>	<p>-0.150</p>	<p>-0.150</p>	<p>-0.150</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p><i>Values are not cumulative</i></p>				

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
35. Care4CE (Revenue Investment) Care4CE has successfully managed its costs since 2009 but has seen its budget reduced by nearly 50%. A number of years ago Care4CE was given a £4.2m savings target. The service has done all it can to reduce its running cost but they are now at a tipping point with a proposal to go before Cabinet on its future configuration. This proposal is to reverse the unachievable savings that were attributed to the in-house service Care4CE in August 2016. <i>Impact on Adult Social Care Operations Service Budget =</i>				
36. Electronic Call Monitoring (Revenue Savings) The Council currently has no electronic means of monitoring providers to ensure that individual care calls meet planned activity as set out in care plans and, therefore, deliver best value for money. Electronic Call Monitoring offers an automated solution to monitor care visits undertaken by commissioned providers' staff which has the potential to realise efficiency savings for the Council through improved monitoring and control of service delivery as well as providing real time data for service providers to monitor performance and ensure the safety of their staff. <i>Impact on Commissioning Service Budget =</i>	+2.391	+2.391	+2.391	+2.391
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
37. 0-19 Healthy Child Programme (Revenue Savings) <p>The 0-19 Healthy Child Programme is a universal programme available to all children and young people. The programme aims to ensure that every child gets the good start they need to lay the foundations of a healthy life. The programme recognises the importance of building on the support in the early years and sustaining this across the life course for school aged children and young people to improve outcomes and reduce inequalities through universal provision and targeted support. Recommissioning will look to reduce management costs and maintain current frontline provision.</p> <p style="text-align: right;"><i>Impact on Public Health Service Budget =</i></p>	-0.150	-0.150	-0.150	-0.150
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

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Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
38. Demand for Adult Social Care (Revenue Investment) <p>The Adults Social Care budget both here in Cheshire East, and across the country, remains under pressure as a result of a number of factors. These include young people transitioning into adulthood, care fee levels paid to external care providers, the rising demand generally and our older population requiring much more complex care. To ensure the Council is well placed to meet this demand it will invest in services that will deliver high quality support to our most vulnerable residents.</p> <p style="text-align: right;"><i>Impact on External Care Costs Service Budget =</i></p>				
39. Winter Pressures Social Care Grant funding (Revenue Investment) <p>The continuation of the additional grant funding for Winter pressures was announced as part of central government Spending Review 2019. The assumption is currently that this funding will continue over the medium term therefore there is no change forecast from the 2019/20 budget of £1.5m.</p> <p style="text-align: right;"><i>Additional Ring-fenced Grant Income =</i></p> <p style="text-align: right;"><i>Impact on External Care Costs Service Budget =</i></p>				
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</p>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
40. Home Repairs for Vulnerable People (Capital Investment) To provide home repairs grants and loans to support vulnerable homeowners by allowing them to continue to live in safe and warm homes by addressing serious hazards and cold homes. <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i> <i>New Capital Investment 2022/23 =</i>	+0.200	+0.200	+0.200	
41. Cared for Children and Care Leavers (Revenue Investment) There has been a 17% increase in the numbers of cared for children in Cheshire East over the last year, which is a situation being experienced elsewhere, both regionally and nationally. Although we are still below national and local comparators, admissions to care have continued to exceed the number of discharges and the complexity of needs of individuals are increasing due to improved assessments and effective prevention arrangements. This increase in numbers and complexity has resulted in the need for additional placement purchases, including high cost placements, and additional staffing to support children, young people and care leavers. <i>Impact on Commissioning – Social Care – Cared for Children Service Budget =</i>	+1.800	+3.100	+4.400	+5.700
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
42. Everybody Sport and Recreation Annual Management Fee (Revenue Savings) The Operating Agreement between the Council and Everybody Sport & Recreation requires a minimum of a 3% cash reduction of the annual management fee based on the previous year's agreed figure. <i>Impact on Leisure Service Budget =</i>				
	-0.045	-0.088	-0.130	-0.171
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

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Consultation Questions – Outcome 5

People live well and for longer

The proposed budget changes under Outcome 5 are designed to ensure local people can live well and for longer.

Should the potential changes to budgets supporting Outcome 5, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 5 whilst maintaining an overall balanced budget for the Council?



Outcome

6

A Responsible,
Effective & Efficient
Organisation

Strategic Overview

Workforce, Pay & Pensions

Pay Awards and Pay Structure

The current National Joint Council (NJC) pay deal for 2018-20 saw a two year agreement for all staff to receive a minimum annual 2% pay increase from 1st April 2018 and 1st April 2019. Some lower grades will receive pay awards of up to 8%, and this ensures Councils meet the requirements of the National Minimum Wage with a rate of £9.00 per hour on new scale point 1 and keep in line with government planned increases and targets. The other Joint National Committee (JNC) national awards for Chief Officers and Chief Executives saw a similar 2% increase across the board for a two year period.

In relation to the national pay claims for 2020/21 the unions are now submitting these for national employer's consideration. In line with the vast majority of Councils in the North West, Cheshire East Council is making an assumption of a 2% increase in pay.

There are also some changes to the pay structure which involved the Council moving staff from the old Cheshire East Council pay structure onto the new NJC pay structure, with an additional two incremental points at 44 and 45 being added to the pay spine. This is a transitional structure as it has already been agreed that further work will be undertaken with the Trade Unions.

Going forward the Council will need to update its current NJC and JNC pay structures to remedy these and other anomalies that have resulted. These new structure proposals are to be introduced in 2020/21, subject to affordability.

Apprenticeship Levy

Through the Finance Act (2017), the payment of an apprenticeship levy became a statutory requirement in April 2017 and both the levy and apprenticeship new starts target are ongoing annually. The Council's liability remains at 0.5% of the pay bill which is forecast to be approximately £0.7m per year.

Based on current headcount, the 2.3% of the workforce to be made up of apprentices is estimated to be 167 apprenticeship new starts for the Council each year, including ASDVs and maintained schools. Increasing the number of new apprentices to the organisation will increase salary costs as will releasing existing staff to undertake the off the job training required for an apprenticeship.

Pensions

A valuation of the Cheshire Pension Fund was undertaken to determine the employer contribution rates for the Local Government Pension Scheme which comes into effect from 1st April 2020. Forecast contribution rates are -1.5% per annum for the next three years to reflect the improved position on the Fund.

Headcount and Full Time Equivalents (FTEs) have reduced by c.45% since Cheshire East Council was formed, following Local Government Reorganisation in 2009.

Date	Headcount	% change from previous year	FTE	% change from previous year
30-Apr-09	6,522	n/a	4,891.5	n/a
30-Apr-10	6,155	-5.63	4,582.8	-6.31
30-Apr-11	5,860	-4.79	4,385.4	-4.31
30-Apr-12	5,449	-7.01	4,080.2	-6.96
30-Apr-13	5,103	-6.35	3,880.7	-4.89
30-Apr-14	4,403	-13.72	3,232.7	-16.70
30-Apr-15	3,812	-13.42	2,883.5	-10.80
30-Apr-16	3,763	-1.29	2,891.7	0.28
30-Apr-17	3,623	-3.72	2,835.3	-1.95
30-Apr-18	3,587	-0.99	2,824.5	-0.38
30-Apr-19	3,556	-0.86	2,767.0	-2.04

Proposals to vary the Budget under Outcome 6 (Services) are focused on these areas:

Changing the way we work <i>Managing services in a way that achieves more for less. Investing in modern technology for better quality outputs, eliminating duplication and streamlining processes.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
43. Digital Savings target (Revenue Savings Reversal) The Council has been proactive in improving digital innovation and reducing costs across services. To improve clarity of budgets this proposal removes the budget held corporately as former digital savings which have been replaced by other proposals in this report. <i>Impact on Cross Service Budget =</i>				
	+0.843	+0.843	+0.843	+0.843
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

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Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
44. Commercial Workstream – fees and charges review and change project (Revenue Income Generation) The Fees and Charges Review and Change Project will contribute to the Brighter Future Programme Commercial Workstream objective: Achieving financial sustainability through generating income. The Project will review the current status within service areas of the Council and deliver a change in policy and practice to maximise efficient and tangible income generation. <i>Impact on Cross Service Budget =</i>	-0.100	-0.100	-0.100	-0.100
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

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Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
45. Local Election Costs (Revenue Investment) All-out Borough, Town and Parish Council elections will next take place in May 2023. Previous practice has been to place any underspend in Electoral Services budget into an 'Elections Reserve' and this then be used towards the cost of these elections. Any underspend is affected by varying factors in each year e.g. the number of Borough by-elections, or changing legislation relating to elections and registration. As was the case in 2019, the reserve was not sufficient to meet the full costs and an additional £450,000 was required. To avoid having to find the additional cost in every fourth year, it is proposed to place an additional £225,000 into the reserve each year to be used to meet the full costs in every fourth year. <i>Impact on Elections Service Budget =</i>	-0.225	-0.225	-0.225	-0.225
46. Webteam expansion (Revenue Investment) To add two posts to the web team to improve the digital customer experience and staff work flows. <i>Impact on Customer Service Budget =</i>	+0.120	+0.120	+0.120	+0.120
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
47. Census 2021 (Revenue Investment) Funding of £20,000 is required from the Council to support the promotion of the Census 2021 to ensure that the benefits of completion are well known by the residents of the Borough and to support the associated project management activities delivered by the Census Liaison Manager (CLM) and Assistant Census Liaison Manager (ACLM). <i>Impact on Business Intelligence Service Budget =</i>	+0.020			
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

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Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
48. Inflation - Business Rates / Energy / Utilities / Fuel (Revenue Inflation) Inflationary increases on business rates, energy, fuel and water costs are outside the control of the local authority and therefore reasonable estimates for budget increases in line with relevant market indices in these areas are being proposed. <i>Impact on Cross Service Budget =</i>				
	+0.294	+0.294	+0.294	+0.294
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

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Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
49. ICT Procurements 2020-24 (Revenue and Capital Investment) To implement a modern business architecture, including ICT systems which support innovation and affordable frontline delivery as part of a major change programme within the Corporate and People Directorates.				
<i>Impact on ICT Service Budget =</i>	+0.669	+0.719	+0.769	+0.819
<i>New Capital Investment 2020/21 =</i>	+0.334			
<i>New Capital Investment 2021/22 =</i>		+0.053		
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
50. ICT Digital Strategy and Plan 2019-24 (Capital Investment) <p>To deliver a Digital Business Strategy (which will inform and influence, place-based regional dialogue and delivery with respect to resident services, the local economy and local public service delivery), a road map and the associated technical digital enablers which underpin the Brighter Future Transformation Programme objectives. Capital investment will be required to implement such a strategy, and over time the Council is expecting to identify revenue savings associated with this approach.</p> <p style="text-align: right;"> <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i> <i>New Capital Investment 2022/23 =</i> <i>New Capital Investment 2023/24 =</i> </p>	<p style="text-align: center;">+1.413</p>	<p style="text-align: center;">+1.100</p>	<p style="text-align: center;">+0.783</p>	<p style="text-align: center;">+0.583</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
51. Communications (Revenue and Capital Investment) To modernise the Council's communication systems including telephony its and video conferencing. <div> <i>Impact on ICT Service Budget =</i> <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i> <i>New Capital Investment 2022/23 =</i> <i>New Capital Investment 2023/24 =</i> </div>				
	+0.096	+0.368	+0.673	+0.992
	+0.366			
		+0.300		
			+0.310	
				+0.230
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

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Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
52. Enabling a modern business architecture programme 2020-24 (Revenue and Capital Investment) To enable the delivery of a modern business architecture, including all ICT systems which underpin and support innovation, and affordable frontline delivery. <div> <i>Impact on ICT Service Budget =</i> <i>New Capital Investment 2020/21 =</i> <i>New Capital Investment 2021/22 =</i> <i>New Capital Investment 2022/23 =</i> <i>New Capital Investment 2023/24 =</i> </div>				
	+1.010	+1.320	+1.730	+2.250
	+4.220			
		+2.350		
			+1.560	
				+1.380
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

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Workforce <i>Increasing productivity through workforce planning whilst meeting our statutory obligations regarding pay inflation and ensuring non-essential staff travel and supplies are minimised.</i>	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
53. Pay Inflation and Structure Review (Revenue Investment) <p>This proposal covers increases in employee related costs over the medium term. It includes spinal point incremental increases for eligible staff, annual nationally negotiated pay awards, holiday pay, living wage increases and structure changes.</p> <p>An element of the increases will be offset by vacancy provisions therefore an overall increase of 2% on pay budgets has been provided for in each year. There are no forecast increases in pension contributions over the medium term.</p> <p>PEOPLE</p> <p>PLACE</p> <p>CORPORATE</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p>	<p>+1.640</p> <p>+1.180</p> <p>+0.779</p> <p>+3.599</p>	<p>+3.019</p> <p>+2.324</p> <p>+1.539</p> <p>+6.882</p>	<p>+4.426</p> <p>+3.491</p> <p>+2.315</p> <p>+10.232</p>	<p>+5.860</p> <p>+4.681</p> <p>+3.106</p> <p>+13.647</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

Workforce <i>Increasing productivity through workforce planning whilst meeting our statutory obligations regarding pay inflation and ensuring non-essential staff travel and supplies are minimised.</i>	2020/21	2021/22	2022/23	2023/24
	£m*	£m*	£m*	£m*
54. Mutually Agreed Resignation Scheme 2020/21 (Revenue Savings) Due to the achievement of overall savings in 2018/19 and expected in 2019/20 the MARS scheme, allowing staff to voluntarily leave their posts with a one-off payment dependent upon their length of service, is being run for a third year. Reflecting on the level of expected take-up in 2019/20 the scheme for 2020/21 is forecasting a lower level of savings as part of the Medium Term Financial Strategy.				
<i>Impact on Cross Service Budget =</i>	-0.150	-0.150	-0.150	-0.150
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

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Consultation Questions – Outcome 6

A responsible, effective and efficient organisation

The proposed budget changes under Outcome 6 are designed to ensure quality and best value for local people by getting it right first time and using resources as efficiently and effectively as possible.

Should the potential changes to budgets supporting Outcome 6, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 6 whilst maintaining an overall balanced budget for the Council?

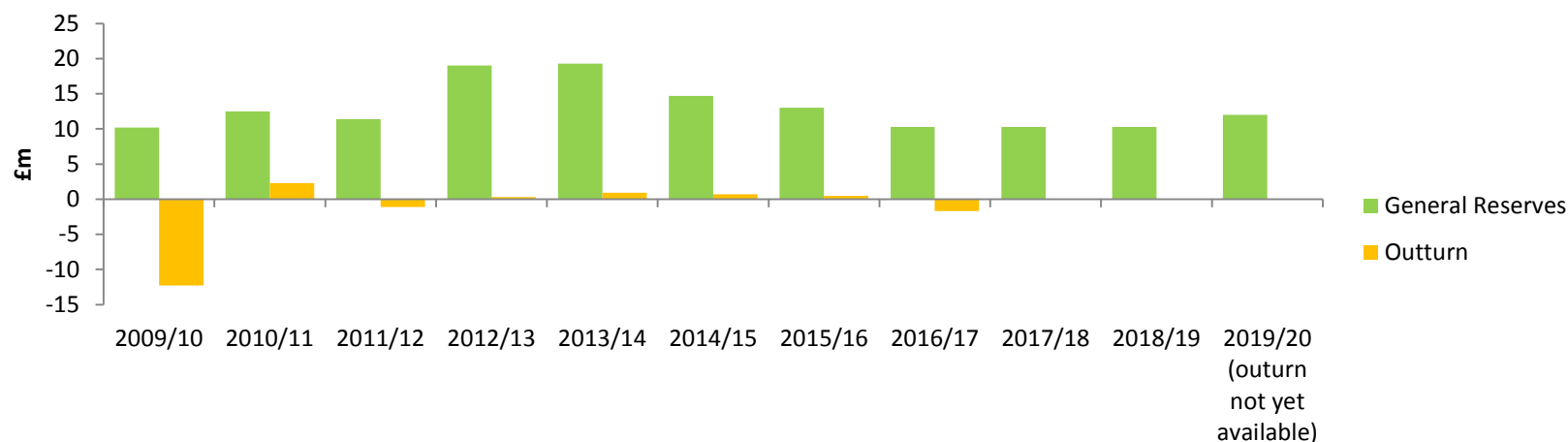
Maintaining Financial Stability

Overview

Key financial indicators, such as levels of borrowing, reliance on government grants and the growth in the local tax base, are evidence that the financial stability of Cheshire East Council is strong. But there is also evidence of significant financial stress from the growing demand for services and the rapid reductions in government support. From 2019/20 there is no general revenue support grant for Cheshire East.

Chart 1 shows how positive financial outturns have been a feature of the Council's performance since 2010. Reserves have been required in recent years to drive innovation and change which has been a positive strategy to maintain sustainability, but also reflected the low levels of risk associated with a stable financial settlement. Looking forward, the strategy is to increase general reserves to ensure robust levels are available to cover the increasing risk from growth in demand led services such as social care and to reflect the short term nature of the latest government settlements. The one year settlement announcement for 2020/21 provides no support for financial pressure being faced in 2019/20, or provides any further indication of the government response to consultation on Fairer Funding or Business Rates Retention reforms.

Chart 1: Reserves remain appropriate and are increasing from 2019/20 to recognize increasing levels of uncertainty



Source: Cheshire East Council Statements of Accounts

Funding Comparisons

The government is planning to review the fairness of local government funding now that the current settlement period is coming to an end in 2019/20. The Fair Funding Review along with changes to the Business Rates Retention Scheme has now been postponed and will be implemented in 2021/22. So the disparity in how local authorities are currently funded will continue into 2020/21. This issue can be highlighted when looking at the difference between funding for the largest authorities in the Northwest, Manchester, Liverpool and Cheshire East.

Cheshire East Council provides services with low levels of government grant. In addition, the accelerated reductions in grants have been severe through to 2019/20, to reflect the relative opportunity for the Council to replace funding with additional income from council tax and other local sources.

Despite the difference in council tax received per head, the actual Band D council tax charges are quite different. The charge in Cheshire East is £1,446.27, while in Liverpool it is much higher at £1,650.06 but in Manchester it is lower at £1,370.77.

Also, the amount of business rates retained by Cheshire East Council is only equal to 34% of the amount that is collected in the area (£139m). This is very different to the positions in Manchester and Liverpool, where business rates retained, as shown in the table, is almost equal to or actually exceeds the amount collected. The amount retained in Manchester is 97% of the amount collected and in Liverpool it is 143%.

Funding for the three largest Authorities in the North West is very different

Funding per Head Comparisons 2019/20	Cheshire East	Manchester	Liverpool
	£	£	£
Government Grants (budgeted grants including schools)	694	1,189	1,356
Council Tax (excluding Parish Precepts)	568	290	353
Retained Business Rates	126	592	559
Total	1,388	2,071	2,268
Population	380,800	547,600	494,800

Source: CIPFA

Capital Programme

The Council approved a Capital Programme of £484.9m on 21st February 2019.

Capital expenditure relates to money spent on major items such as road infrastructure, schools and ICT systems. These costs are met through the Council's capital financing budget which takes into account funding from borrowing, capital grants and receipts from sales of assets as well as annual income from council tax, business rates and grants.

The Council applies an agreed Treasury Management Strategy to ensure capital financing is affordable in the medium term. The capital financing budget for 2019/20 is £12m.

The programme is expected to be partially funded from capital receipts, and depending on the timing of these receipts the start times of some projects may be brought forward or delayed. The current status of the land and property market will be kept under review by the Asset Management Service. The programme will be reviewed if the resource position changes.

The capital programme is intentionally aspirational, reflecting the Council's priority to promote local sustainable growth. To support this ambition the Council actively pursues funding from private sector organisations and government as well as attempting to maximise receipts from asset sales. Resources are utilised accordingly to allow flexibility within the overall programme.

Capital Forecasts	2020/21 £m	2021/22 £m	2022/23 & future years £m	Total Scheme Costs £m
Committed Schemes - In Progress	187.2	129.9	60.7	377.8
Funding Analysis:				
Government Grants	104.5	54.5	11.7	170.7
External Contributions	17.1	19.0	27.0	63.1
Cheshire East Resources	65.6	56.4	22.0	144.0
Total Funding	187.2	129.9	60.7	377.8
Balanced Position	0.0	0.0	0.0	0.0
Addendum *	66.8	52.9	281.0	400.7

* The addendum includes projects that have been added to the programme owing to their strategic importance to the Council. At the stage where the business cases are sufficiently developed and they are deemed to be affordable the Portfolio Holder for Finance, I.T and Communications and the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme.

Capital Programme

Congleton Link Road

The main construction works commenced in March 2019 and the full scheme is due to complete in late 2020. The development will be completed over three phases.

Crewe HS2 Hub project

Work has started on developing a project plan that will see the creation of a Crewe Hub and Regeneration scheme near Crewe Railway Station.

Re-development of Poynton Leisure Centre

A £4.6m scheme to improve the indoor and outdoor facilities have been approved. The development will be over three phases and completion is due in 2020/21.

Middlewich Eastern Bypass

The scheme has been approved as part of the Department of Transport's Large Local Scheme programme and will see a new bypass in the town that will ease congestion and support employment and housing growth.

Flowerpot Junction Improvements in Macclesfield

£3.5m of the National Productivity Improvement Funding was secured along with £2.0m of the Council's own resources to make improvements to alleviate the congestion at this major pinch point hot spot on the Borough's highway network.

Crewe Town Centre Re-development

The scheme is moving forward with demolition of the site due in early 2020/21 and completion of the project including the new cinema is due in 2021/22.

Capital Financing

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
55. Minimum Revenue Provision (MRP) <p>The repayment and management of debt is frequently reviewed, to assess value for money and appropriateness, based on the current financial circumstances of the Council. The Council implemented an option under its MRP policy to apply the annuity method instead of the straight line method.</p> <p>This approach delivered budgetary savings in the short term but does not alter the overall liability for the financing of the capital programme as the liability is deferred. The Council will seek to mitigate these future pressures through its longer term financial strategies, the capital financing budget will be increased accordingly and will take account of available capital resources, including the use of anticipated capital receipts.</p> <p style="text-align: right;"><i>Impact on Central Budget =</i></p>				
		+2.000	+2.000	+2.000
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</p> <p style="text-align: center;">Values are not cumulative</p>				

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Other Central Adjustments

Past Pensions Adjustment

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
56. Past Service Pension Charge <p>The decision was made to pay past service pension deficit contributions for the three years 2017/18 to 2019/20 in one advance payment of £45m in April 2017. The discount available from early payment more than offset the costs of temporary borrowing. The forecast benefit over the three year period was around £2m which will support mitigation of future service costs. This arrangement has now come to an end so the third year saving of £1m is now dropping out of the permanent budget. Future years contributions and a further one-off early contribution will be reviewed and assessed once the triannual results have been published.</p> <p>There is also an increase in the past service pension charge of £650,000 payable by the Council now that the shared ICT service Cosocius has come back in-house.</p> <p style="text-align: right;"><i>Impact on Central Budget =</i></p>				
	+1.650	+1.650	+1.650	+1.650
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>				

Capital Receipts

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
57. Capital Receipts Income				
The Council has reviewed the use of capital receipts to fund revenue expenditure. Income from capital receipts will reduce from £2m in 2019/20 to £1m in 2020/21 and zero from 2021/22.				
<i>Impact on Central Budget =</i>	+1.000	+2.000	+2.000	+2.000
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</p> <p>Values are not cumulative</p>				

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Community Budget

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
58. Community Budgets funded from New Homes Bonus On 22 nd February 2018 the Council set aside a fund of £2m (£1m in each of 2018/19 and 2019/20), as part of the Medium Term Financial Strategy, to allow local people to engage with how services are delivered at a local level. As new homes can impact on the services required in an area, the allocation of funding reflects where new houses have been built. The proposal is to delay the 2020/21 new homes bonus round two allocation for a period of one year until 2021/22. This is being done to allow a full review of year one and apply lessons learned.				
<i>Impact on Central Budget =</i>	-1.000		-1.000	-1.000
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

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Alternative Service Delivery Vehicle Dividend

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
59. ASDV Dividend This proposal relates to budgeting for a dividend from the Council's Group of Companies – or "Alternative Service Delivery Vehicles" (ASDVs). This is the reversal of last year's one year dividend to the Council's revenue budget as it was a one year contribution only. Any future year dividend payments will be agreed as part of the annual budget cycle. <i>Impact on Central Budget =</i>				
	+0.500	+0.500	+0.500	+0.500
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

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Contribution to / from Reserves

The Council's S151 Officer must use professional judgement about the level of Council reserves to ensure they are adequate. The Council's Reserves Strategy forms part of the Medium Term Strategy that is reported to Council each February.

Reserves to remain adequate	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
<p>60. Reserves</p> <p>Judgement is used to determine an appropriate level of reserves based on the financial risks facing the authority or on the recognised need to fund certain activities from one-off sources. Based on the changes to the budget detailed within this report, it is important to increase the overall level of reserves.</p> <p>This reflects a number of key issues:</p> <ul style="list-style-type: none"> - The 2019/20 financial year is facing significant financial pressure and reserves may be reduced by 1st April 2020, which will need to be replaced to remain in line with the current Reserves Strategy. - Some of the estimates are based on large demand led pressures or relate to activities requiring further consultation, the potential for such items to vary from the current estimates makes it appropriate to increase reserves. - There is no certainty over the level of the Local Government Settlement for 2021/22, which creates a risk of services becoming unaffordable within a very short timescale. To achieve a more managed reduction in cost, or to fund any required innovation, the Council may be required to draw on reserves. <p>This proposal also includes the drawdown of £1.3m of Earmarked reserves to support individual items in the revenue budget, including continuing to fund the corporate services restructure, the welfare safety net (both agreed as part of the 2019/20 budget) and a £0.3m drawdown of the locally retained business rates income earned from renewable energy schemes to support Proposal 24.</p> <p style="text-align: right;"><i>Impact on Earmarked Reserves =</i></p>				
	+3.095	+1.445	+2.400	+2.400
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</p> <p style="text-align: center;">Values are not cumulative</p>				

Funding Envelope

Local Taxation

Locally collected taxes that are directly retained by the Council provide c.95% of the Council's net funding. The Council therefore takes a very careful approach to managing the domestic and commercial taxbases in a way that reflects local growth ambitions and supports sustainable services in the medium term.

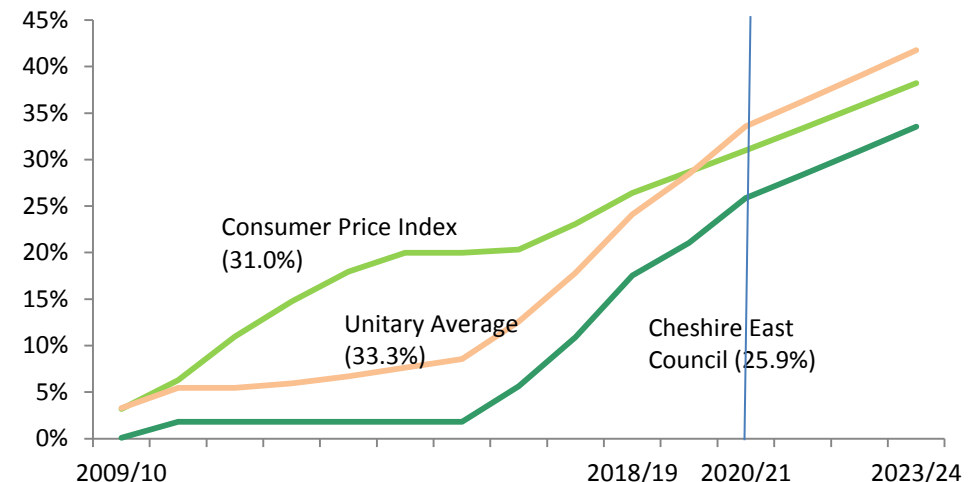
The government Spending Review 2019 is unusual, though not unique, in that it only covers spending for a single year; spending reviews generally cover multiple years. Core spending power (the measure that central government use to measure any increase in available revenue funding for local authorities) is set to increase by £2.9bn for local government for 2020/21. According to the Ministry for Housing, Communities and Local Government this includes the following:

- £1bn social care grant;
- £1.6bn additional council tax revenue from increased taxbase and an assumption of a 1.99% basic and 2% Adult Social Care (ASC) precept increase; and
- £0.3bn from inflationary increases in business rate baseline funding levels.

Referendum limits for basic council tax increases have been provisionally set at 1.99% in line with inflation. Council tax referendum thresholds are expected to be covered in the technical consultation due later in 2019 in which the government also intends to propose the continuation of the adult social care precept to help further alleviate demand pressures on social care budgets (allowing Local Authorities to raise an ASC precept by 2% for 2020/21).

As such, it is proposed that council tax is increased by **3.99%** for 2020/21 (see proposal 64 below) to give a Band D charge of **£1,503.98** for 2020/21 with further increases of 1.99% per annum proposed over the medium term.

Chart 2: Gap between inflation levels and Council Tax increases



Source: Cheshire East Finance

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
Council Tax				
61. Growing the Domestic Taxbase <p>Each new home brings additional council tax revenue, new homes bonus and, from 1st March 2019, a community infrastructure levy where relevant. However, homes also bring additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully examined to achieve maximum value to ensure council tax increases for residents are kept to a minimum overall.</p>	-4.106	-6.426	-8.791	-11.203
62. Changes in Council Tax Landlord discount <p>The proposal is to consider a reduction in the council tax discount awarded to landlords of property that fall empty. The current discount allows a period of 6 weeks for any refurbishment or repairs that may be required. This proposal will reduce the discount period to 4 weeks. The proposal will affect private landlords in the main, effective from 1st April 2020.</p>	-0.170	-0.170	-0.170	-0.170
63. Changes in Council Tax Empty Property Premiums <p>The proposal is to consider an increase in the council tax premium charged to the owners of empty property that has been empty for longer than 5 years. Current legislation allows the Council to charge a council tax premium of 100% on properties that have been empty for over 2 years. With effect from 1st April 2020 Billing Authorities will have the power to charge a premium of 200% on properties that have been empty for over 5 years.</p>	-0.357	-0.357	-0.357	-0.357
<i>Impact on Funding Envelope =</i>	-4.633	-6.953	-9.318	-11.730
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</i></p> <p><i>Values are not cumulative</i></p>				

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
Council Tax				
64. Council Tax percentage charge increase				
The Council did not increase council tax for five consecutive years up to and including 2015/16. In recent years the authority has increased council tax in line with central government expectations. Previous increases included ring-fenced funding for Adult Social Care for which there is a further opportunity announced as part of the Spending Review for 2020/21.				
Increases proposed are as follows:–				
General inflationary increase (1.99% per annum)	-4.303	-8.783	-13.400	-18.155
Adult Social Care precept (2% for 2020/21 only)	-4.325	-4.411	-4.499	-4.589
<i>Impact on Funding Envelope =</i>	-8.628	-13.194	-17.899	-22.744
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</p> <p>Values are not cumulative</p>				

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
Business Rates 65. Promoting Economic Growth <p>Business growth can result in additional funding being retained for local services, subject to certain thresholds. This supports the Council's approach to invest in economic growth through unlocking development land and supporting inward investment.</p> <p>National Multiplier Increases / Baseline changes are also included in the budget change totals in line with inflation.</p>	-1.337	-1.337	-1.337	-1.337
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20.</p> <p>Values are not cumulative</p>				

Figures represent an increase or decrease in spending compared to the 2019/20 Approved Budget.

If the potential change is permanent it is therefore repeated in each year.

If spending will vary across the four years each figure still represents the change from the existing 2019/20 Budget.

Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
66. Business Rates Relief Compensation Grants Due to continuing stable forecasts it is still appropriate to continue to recognise compensation grants as a source of base funding. Since the baseline funding level for business rates retention was set in 2013/14, there have been many policy changes around reliefs for different business types. With each policy change, all local authorities are compensated for their share of business rates foregone. Up to and including 2018/19 these compensation grants have been set aside in a volatility reserve to help smooth cash flow changes in business rates that can arise when businesses are revalued or move out of the area.	+0.073	+0.073	+0.073	+0.073
67. Business Rates Pooling The Council is maximising the benefit of the business rates retention scheme by continuing to pool with Greater Manchester and Cheshire West Councils. This arrangement aims to retain as much local business rates as possible (2019/20 income levels expected to continue).	No change	No change	No change	No change
<i>Impact on Funding Envelope =</i>	-1.264	-1.264	-1.264	-1.264
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

General Government Grants

The table below sets out the estimated scale of reductions in government unring-fenced grant over the medium term. Expenditure directly related to grants is reviewed when the allocation of each grant is confirmed.

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
68. New Homes Bonus (NHB) Increasing development in Cheshire East means NHB grant income is expected to exceed recent levels. Due to the 2021/22 Spending and Fair Funding review there is no expectation that new allocations of NHB grant will be provided in the medium term. Legacy payments from previous allocations will therefore reduce over time.	-1.416	+4.516	+7.300	+9.327
69. Other Grants Other specific grants have been maintained at previous medium term forecasts. These are based on best estimates or just a general reduction of 15%.	+0.106	+0.106	+1.264	+1.264
70. Social Care Grants The government is allocating an additional £1bn for social care in 2020/21. Indicative allocations have been included for 2020/21 but the exact allocation will be confirmed as part of the Provisional Settlement later in 2019. Future years show the continuation of this funding as the assumption is that the Fair Funding review will include funding at similar levels.	-5.138	-5.138	-5.138	-5.138
<i>Impact on Funding Envelope =</i>	-6.448	-0.516	+3.426	+5.453
*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20 . Values are not cumulative				

Sourced from the Collection Fund

	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*
71. Release of funds from the Collection Fund Income from council tax and business rates had been accumulated to mitigate costs of non-collection and appeals as well as from growth that has exceeded forecasts. Accounting for the liabilities in this area had proved accurate so it was reasonable to release of some of these reserves in 2019/20. This budget change restates that position and assumes no further surplus releases over the medium term. This position will remain under review.				
<i>Impact on Funding Envelope =</i>	+2.096	+2.096	+2.096	+2.096
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2019/20. Values are not cumulative</i>				

Figures represent an increase or decrease in spending compared to the 2019/20 Approved Budget.

If the potential change is permanent it is therefore repeated in each year.

If spending will vary across the four years each figure still represents the change from the existing 2019/20 Budget.

Negative numbers represent a budget saving or additional income. Positive numbers represent budget growth or reduced income.

Protecting Against Risk and Supporting Investment

Cheshire East's strong taxbase and greater independence provides financial stability and offers some 'local protection' from the impact of national economic fluctuations. Compared to most other English Councils, Cheshire East is less reliant on government revenue grant as local businesses and residents provide a higher proportion of the Council's overall funding. In this context, it is also important to note that compared to neighbouring local authorities, total spending per head of population is below average. Given this national and local context its overall financial risk profile is lower than previous years. The Council's consideration and response to threats, and its ability and capacity to recognise and seize new opportunities, underpin its successful performance.

The Council continues to implement and embed an effective risk management framework and appropriate risk appetite to ensure that it is better placed to manage its performance, achieve its corporate objectives and provide an enhanced level of service and outcomes to the community. Risk management is a key principle of effective corporate governance, and operating within the framework ensures that there is a mechanism in place to support effective decision making and appropriate risk responses.

Cheshire East recognises that in pursuit of its objectives and outcomes in this pre-budget consultation that 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.

In this constantly evolving environment, with a need to continually adapt internal organisation to meet legal requirements, economic challenges, urban changes, demographic and social changes, it is

possible for managers and decision makers to miss risks that may arise suddenly or unexpectedly. The Council uses its risk management framework to help protect against this and the Corporate Leadership Team and Cabinet regularly review the Council's corporate risks and give assurance on the effectiveness of risk management through the Council's Audit and Governance Committee.

The highest rated risks on the Council's corporate risk register are around shifting costs for both the Council and its key partners and suppliers, and increased demand, which places additional strain on the Council's capacity, resources and its financial resilience.

Supporting the Council's budget with adequate reserves is a key element to creating financial resilience, and the publication: [Guidance and Data on the Financial Resilience of the Council](#) provides clear evidence of an improving trend of robust forecasting of performance and improvements in the level of general reserves. This document is due to be updated for 2019/20 and will be published before the final budget is approved in February 2020.

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.

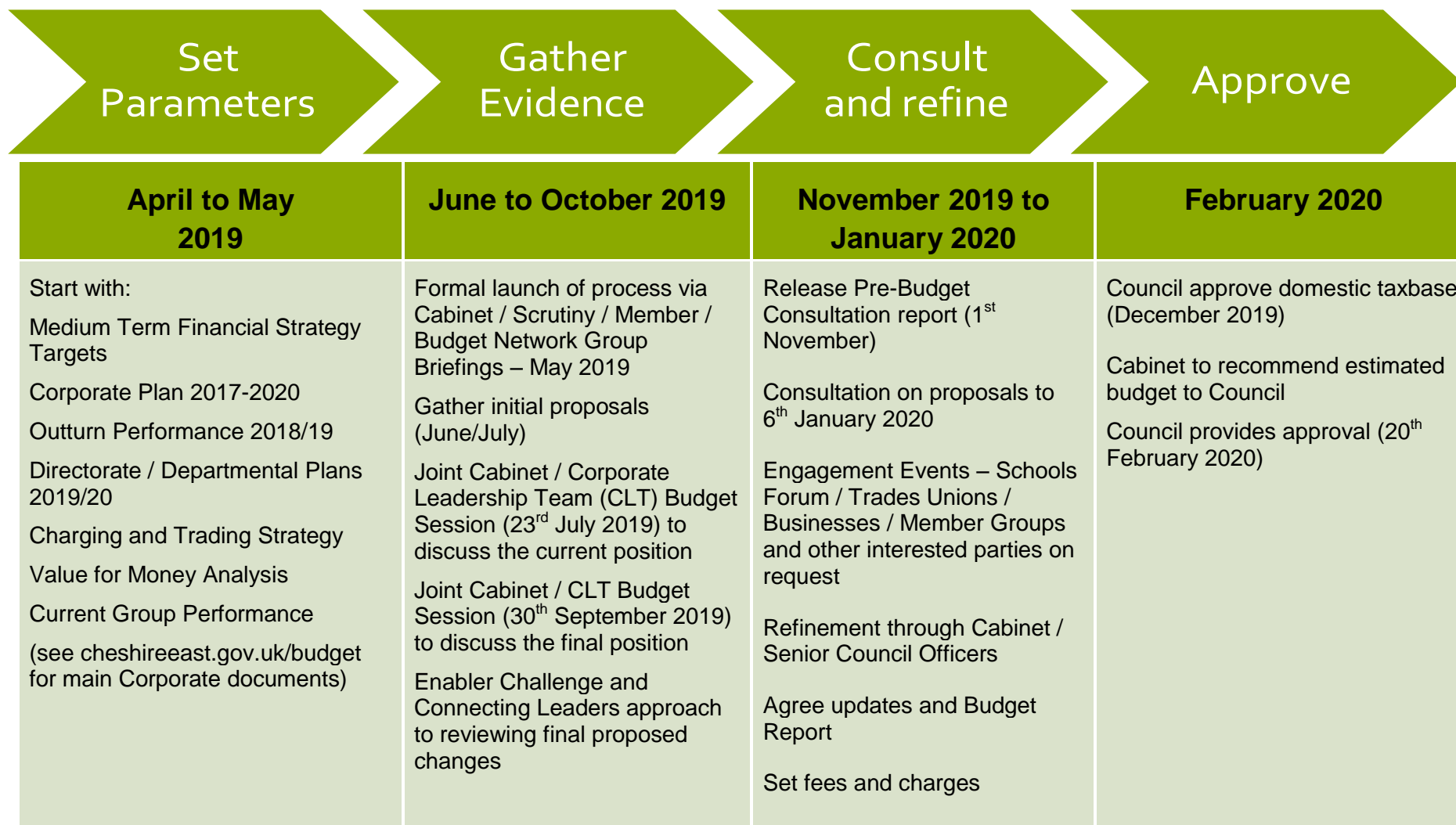
The Council will continue to be flexible about investing revenue funding in maintaining sustainable services and reflecting changes to the risks facing the Council. The full Budget Report will include a revised Reserves Strategy for 2020/21 to provide further detail on estimated balances and the application of reserves in the medium term.

Annexes to Pre-Budget Consultation 2020-24

November 2019

Working for a brighter future  together

1. Developing the Budget



	2019/20 (revised)	2020/21	Change	2021/22	Change	2022/23	Change	2023/24	Change	4 Year Change
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
PEOPLE	170.1	179.3	+9.2	185.4	+6.1	192.2	+6.8	199.0	+6.8	+28.9
PLACE	72.7	74.1	+1.4	73.8	-0.3	75.5	+1.7	76.8	+1.3	+4.1
CORPORATE	29.9	33.0	+3.1	34.3	+1.3	35.8	+1.5	37.4	+1.6	+7.5
TOTAL: SERVICE BUDGETS	272.7	286.4		293.5		303.5		313.2		+40.5
Capital Financing	12.0	12.0	-	14.0	+2.0	14.0	-	14.0	-	
Past Pension Adjustments	0.2	1.8	+1.6	1.8	-	1.8	-	1.8	-	
Income from Capital Receipts	-2.0	-1.0	+1.0	-	+1.0	-	-	-	-	
NHB Community Fund	1.0	-	-1.0	1.0	+1.0	-	-1.0	-	-	
ASDV Dividend	-0.5	-	+0.5	-	-	-	-	-	-	
Use of/Transfer to EMR	-2.4	0.7	+3.1	-0.9	-1.6	-	+0.9	-	-	
TOTAL: CENTRAL BUDGETS	8.3	13.5		15.9		15.8		15.8		+7.5
<i>Further in-year savings required</i>		-		-		-8.6		-15.4		
TOTAL BUDGET	281.0	299.9		309.4		310.7		313.6		
Council Tax	-216.2	-229.5	+13.3	-236.4	+6.9	-243.4	+7.0	-250.7	+7.3	+34.5
<i>Taxbase Increases</i>			+4.7		+2.3		+2.3		+2.5	
1.99% base increase			+4.3		+4.5		+4.6		+4.7	
2.00% ASC increase			+4.3		+0.1		+0.1		+0.1	
Non-Domestic Rates	-48.0	-49.2	+1.2	-49.2	-	-49.2	-	-49.2	-	+1.2
<i>Taxbase increases</i>			+0.5							
<i>National Baseline changes</i>			+0.8							
<i>Business Rate Compensation Grants</i>			-0.1							
Government Grants	-14.7	-21.2	+6.5	-15.2	-6.0	-11.3	-3.9	-9.2	-2.1	-5.5
Sourced from Collection Fund	-2.1	-	-2.1	-	-	-	-	-	-	-2.1
TOTAL FUNDED BY	-281.0	-299.9		-300.8		-303.9		-309.1		
POTENTIAL DEFICIT	0.0	0.0		8.6		6.8		4.5		

Cumulative deficits as shown in table on page 7 are as follows:

8.6

15.4

19.9

2. Key Budget Events for the 2020/21 budget

Event	Comments
1. Council 21 st February 2019	Reported a balanced budget for 2019/20
2. Corporate Leadership Group Budget Sessions – - 15 th May 2019 - 29 th May 2019	Launch process for 2020-24. Confirm potential funding deficit for 2020/21 and the process to manage it.
3. Cabinet 11 th June 2019	Receive 2018/19 Final Outturn
4. Joint Corporate Leadership Group and Cabinet Members Budget Sessions – - 23 rd July 2019 - 30 th September 2019	Refine proposals / agree funding strategy
5. All member budget workshops – - 9 th August 2019 - 4 th September 2019	Finance workshops covering the budget process, pressures, Council priorities and ideas for savings
6. Refine High Level Business Cases and set Fees and Charges Strategies	Budget Managers attended formal business case training during summer 2018 to refresh knowledge and improve the output. Further online resources were available to all budget managers to facilitate the completion of business cases for 2019/20.
7. Enabler Services – October / November	Challenge / Review proposals

3. Timetable to Approval

2019	Event	Comments
Aug/Sep	All Member Finance Workshops	Discussion on Budget process, current pressures, Council priorities and ideas for savings
3 rd Oct	Corporate Overview and Scrutiny Committee	Receive Mid Year Review (Finance) 2019/20
Oct to Dec	Consultation on Pre-Budget Proposals	With Residents, Trades Unions, Schools Forum, Businesses, Overview and Scrutiny Committees, Town & Parish Councils, Community, Voluntary and Faith organisations and other interested parties
8 th October	Cabinet	Receive Mid Year Review (Finance) 2019/20
Oct-Jan	All Overview and Scrutiny Committees	Receive Pre-Budget Consultation 2020-24 Report for consideration
3 rd December	Cabinet	Council Domestic Taxbase
Mid December	Full Council	Agree Council Taxbases
Mid December	Funding announcements	Expected from government
2020		
January	Final proposals issued	Bringing together consultation outcomes, taxbases and funding settlement
Jan/Feb	Final Settlement from government	
3 rd February	Corporate Overview and Scrutiny Committee	Receive Third Quarter Performance Report
4 th February	Cabinet	Receive Third Quarter Review of Performance Report and recommend 2020-24 MTFS / Budget Consultation report to 20 th February Council
20 th February	Full Council	Agree 2020-24 Medium Term Financial Strategy and Budget Consultation Report

4. Forecasts

Forecasts presented to the Council in February 2019 presented the medium term position.

Proposals in this Pre-Budget Consultation set out an updated position, whilst maintaining financial resilience for the future.

Summary position for 2019/20 to 2021/22	Budget Book 2018/19 (revised at Third Quarter Review) £m	Estimated Net Budget 2019/20 £m	Estimated Net Budget 2020/21 £m	Estimated Net Budget 2021/22 £m
Outcome 1 - Our Local Communities are strong and supportive	22.0	22.7	23.2	23.7
Outcome 2 - Cheshire East has a strong and resilient economy	12.4	12.7	12.8	13.2
Outcome 3 - People have the life skills and education they need in order to thrive	19.6	22.4	22.7	22.9
Outcome 4 - Cheshire East is a green and sustainable place	42.9	44.6	44.7	45.9
Outcome 5 - People live well and for longer	128.0	134.2	140.9	142.3
Outcome 6 - A responsible, effective and efficient organisation	33.2	36.3	36.9	37.9
Total Outcomes	258.1	272.9	281.2	286.0
<i>CENTRAL BUDGETS:</i>				
Capital Financing	10.0	12.0	12.0	14.0
Past Pensions Adjustment	0.3	0.2	1.2	1.2
Income from Capital Receipts	-2.0	-2.0	-1.0	0.0
Contingency	1.0	0.0	0.0	0.0
New Homes Bonus Community Fund	1.0	1.0	1.0	0.0
Use of (-)/Contribution to (+) Earmarked Reserve	-0.3	-2.9	-0.9	-0.9
Total Central Budgets	10.0	8.3	12.3	14.3
Additional changes to balance future years		0.0	0.0	-11.0
TOTAL: SERVICE + CENTRAL BUDGETS	268.1	281.2	293.4	289.2
<i>FUNDED BY:</i>				
Council Tax	-206.4	-216.2	-222.7	-229.4
Business Rate Retention Scheme	-43.0	-48.0	-48.4	-48.9
Revenue Support Grant	-5.4	0.0	0.0	0.0
Specific Grants	-12.3	-14.9	-11.2	-11.1
Sourced from Collection Fund	-1.0	-2.1	0.0	0.0
TOTAL: FUNDED BY	-268.1	-281.2	-282.4	-289.5
Funding Deficit	0.0	0.0	11.0	-0.3

5. Feedback

We want you to be involved in decision making in Cheshire East.

To register to be involved in consultations undertaken by Cheshire East Council, you can do so by joining the Digital Influence Panel.

Please use CTRL and Click on the light bulb to join.

If you would like to view the results of previous consultations undertaken by Cheshire East Council, please click [here](#).

